



National Economic Policy

Luang Pradist Manudharm
(Pridi Banomyong)



NATIONAL ECONOMIC POLICY OF LUANG PRADIST MANUDHARM (Pridi Banomyong)



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of Pridi Banomyong, Senior Statesman

NATIONAL ECONOMIC POLICY OF LUANG PRADIST MANUDHARM

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NATIONAL ECONOMIC POLICY OF LUANG PRADIST MANUDHARM (Pridi Banomyong)

from

SIAM IN TRANSITION

*A Brief Survey of Cultural Trends
in the Five Years since the Revolution of 1932*

By

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Committees on the Project for the National Celebration
on the Occasion of the Centennial Anniversary of
Pridi Banomyong, Senior Statesman (private sector)

To celebrate the centennial anniversary of Pridi Banomyong
(11 May 1900 - 11 May 2000)

Publisher's note

The National Economic Policy of Luang Pradist Manudharm or Pridi Banomyong was written pursuant to the promise made by the People's Party in its first declaration on 24 June 1932, the day Siam's system of governance was transformed from absolute monarchy to a constitutional one. On that day, the revolutionary Party declared "[We] must improve the economic wellbeing of the people... The new government will find employment for everyone and will devise a new economic framework whereby the people will not be left to starve or go hungry."

The National Economic Policy was Siam's first real attempt to come up with a comprehensive national socioeconomic plan. It reflects Pridi Banomyong's visionary political insights and firm understanding of democracy: the liberty and equality promised by political democracy are meaningless without first achieving some sort of economic democracy; that is, economic democracy is a prerequisite for realizing the "rule by the ordinary people." In other words, without economic democracy the rich and the powerful-a handful of individuals-will dominate the political scene and society.

A critic of the National Economic Policy has interestingly pointed out that, if implemented, it would lead to the creation of a bureaucratic dictatorship because the state would be granted immense power in organizing the productive forces of the country such as land, capital, and even labor. The main flaw of this argument is that it interprets the past (including the intentions of historical actors) solely in the context of the

present.

Pridi, himself, had explained and defended the Policy before an evaluation committee in 1933 in the following terms. Under the old absolutist order, the King, who was the head of state, controlled the productive forces of land and labor. During the reigns of Ramas VI and VII all labors were subject to royal taxation. All lands belonged to the King, and he could confiscate them at will. Usually, the King would allocate lands only to royal officials and aristocrats. The population at large, especially ex-slaves, did not have their own lands. This was particularly true in the central region, the most productive area of the country.

Pridi then went on to explain that the new government/state was merely acting as the peaceful organizer of productive forces similar to what the royal family members and aristocrats had traditionally been doing. For example, instead of recruiting (in many cases, forcing) peasants and serfs from the provinces to work on public projects in the capital and urban areas, they would be employed as government workers, working and developing their respective localities by creating community cooperatives. In essence, this would help distribute productive power (e.g., empowerment) to the grassroots levels, to most citizens that had no lands of their own.

Pridi used the royal-organizer analogy because he wanted to contain the antagonism of powerful land-owning members of the old order. In an important meeting of a committee to consider the National Economic Policy, Pridi earned the majority of support for his economic policy from its members. But it proved to be a Pyrrhic victory because the head of government was a member of the old guards and a staunch conservative who ultimately derailed the passing of the Policy by denouncing it as communistic.

In reality, Pridi was a great admirer of democracy. He had hoped to let a new parliament, whose members would be publicly elected, discuss and consider the National Economic Policy. Also, Pridi had desired to run for office himself. Unfortunately, in a preemptive action Phya Manopakorn Nitithada, the country's first premier under constitutional monarchy, rapidly dissolved the parliament and government and exiled Pridi.

(Because the National Economic Policy was politically volatile,

it was never considered in any subsequent Siamese parliaments.)

In fact, the socioeconomic vision and plan of Pridi were not essentially different from those of the leading democracies in that period (i.e., the Great Depression) such as of the United States and Great Britain. For example, Pridi proposed the creation of the following: state-owned enterprises, national bank, income tax system, commercial tax system, inheritance tax, welfare system, and social security system. Although the National Economic Policy was not adopted, a number of its important propositions were implemented during Pridi's fifteen years (between 1932 and 1947) in the government.

For instance, a fair income tax system under the new Revenue Code was established. A national banking organization was created, and it ultimately became the Bank of Thailand. Under the Municipality Act, municipal governments were formed throughout the country. This was a major step towards de-centralization and distributing productive power to local communities. A fundamental objective of the National Economic Policy was to uphold the political and economic sovereignty of the country. Therefore, Pridi played a vital role in abrogating the extra-territorial and unequal commercial and navigation treaties that Siam had signed with 15 states during the absolutist era.

Aside from these accomplishments, several other ideas of the National Economic Policy were later adopted after the People's Party had passed away from the political scene. For instance, since 1958 Thai governments have learnt the importance of having and devising a systematic and comprehensive national economic policy. In 1990 the Thai Parliament revamped and partially adopted Pridi's proposed social security system; partially, because it is still a far cry from the social security systems of the United States and Great Britain, the kinds Pridi had hoped for.

All things considered, the National Economic Policy of Pridi Banomyong is valuable not simply because it is historical text on political economy written by an important Siamese political leader and visionary thinker (a rare combination, to say the least) but also because many of its ideas-if properly selected, understood, and modified-can serve as a basis for an alternative economic development policy in the circumstances that the country's present mainstream socioeconomic development paradigm flops disastrously in the next century.

PREFACE

In a world of transient values and shifting ideals where modification and adjustment are manifest in every department of life, one factor that may be regarded as invariable is change.

Ways of transportation have changed from the ox-cart, the elephant, the horse, the footpath and the canoe, to the automobile, the electric train, the airplane and the ocean liner. Time that was formerly told by the sun, by the heavens, or by the appetite, is now told by the jewelled watch and other precision instruments. Homes that were built of leaves, rough-hewn planks and bamboo, are built of bricks, ferro-concrete and composition tiles. Light, when not provided by the sun and moon, was produced by the smoking torch, then by the candle, the oil lamp, and finally, crowning glory, by the electric bulb. Power that was formerly man or horse-power is not silently transmitted through shining cables, and has the ability to perform the modern miracles of a technological world.

Applied science has transformed the physical life of man and has made actually possible a manner of living, for the wealthy, that mankind a thousand or five hundred years ago would have considered heaven on earth, Utopia attained. The face of the world has been re-made. In the remaking man has had to discover new explanations for life. Old ways of living, old patterns of community life, have been revamped. Traditional securities have been shaken. The word "maladjustment" has come into popular use to describe economic, political, and moral difficulties that

have arisen.

What applied science has done for the physical world, scientific ways of thought have done for ideologies inherited from the old social order. Man's moral, religious, and social thinking has shifted to suit a changing world so that he may be at home in the new environment.

The purpose of the present study is to describe modern trends in Siam in order to show what is happening to the Siamese way of life, and so to indicate how Siamese are adjusting themselves to a technological world.

It is an interesting fact that, while there are thousands of volumes on the Orient discussing in detail such subjects as Japanese gardens and Chinese windows, Siam's share in a library of these would be one medium-sized bookcase. And most of this slim sheaf of books would consist of traveller's reports of what they have seen. The books on any phase of Siamese life published in English since the revolution of 1932, which suddenly transformed the last absolute monarchy in Asia into something approaching a democracy, can be numbered on the fingers of one hand. Since none of them has been relative to the subject here discussed, the material for it has been drawn from Siamese sources, newspapers, pamphlets, interviews, and official government reports. It therefore represents the first furrow in a field yet to be ploughed. The temptation to write a book on each chapter was almost irresistible, and it is to be hoped that many books treating the subjects discussed in greater detail than has been possible here may soon be available.

This opportunity is taken to thank Prince Sakol Varavarn for information on crime and prostitution, Mr. David S. Green of the Statistical Department of the Siamese Government for figures on many phases of Siamese life, Dr. Harley Farnsworth MacNair for generous advice and guidance as to the organization of the material, and Dr. A. Eustace Haydon for the methodology.

K. P. L.

Chicago, Ill.,
February 1st, 1939

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**Pridi Banomyong as a Regent
during 1941 - 1945**

A.

NATIONAL ECONOMIC POLICY OF LUANG PRADIST MANUDHARM

*[The presentation to the government in March, 1933, of a National Economic Policy which had been drafted by Luang Pradist Manudharm resulted in the initiation of a series of important events of far-reaching political significance: the proroguing of the People's Assembly on April 1st, 1933; a trip abroad for Luang Pradist, which lasted from April 12th until September 29th, 1933; the second revolution of June 20th, 1933; and the official white-washing of Luang Pradist from the charge of being a communist, by a commission appointed by the government on March 21st, 1934. The Policy and the following Acts were never officially promulgated, and together with the Minutes concerned with the Policy, which are all included in *[HERE]*, were never made public in Siam, nor were the newspapers allowed to print or discuss any portion of them. The ban established then continues in effect at the time of this printing in 1939.—Trans.]*

Why do you officials with salaries and pensions oppose the granting of salaries and pensions to the people?

[This question appeared at the top of each page of the Policy.—Trans.]



PREAMBLE

POINTS TO BE KEPT IN MIND DURING THE READING OF THIS POLICY

Division of the economic system into co-operative associations

In seeking a means to promote the welfare of our people I have taken into consideration not only their present mode of existence but also those peculiar traits which characterize them as a nation. I have come to the conclusion that, for the advancement of their well-being, only one course is feasible: namely, the government must undertake to administer a national economic policy by which the economic system will be sub-divided into diversified co-operative associations.

My conclusion is not the result of my adherence to any particular social philosophy. I have borrowed elements of value from various systems whenever I found in them something appropriate to Siam. These ideas I have organized into a co-ordinated policy.

Reasons for bias

It is well to remember, however, that there are certain to be many divergent theories concerning the best means for promoting the economic welfare of a people; and that the advocates of these various theories are unable to come to any agreement. For this state of things Professor Deschamps of the University of Paris has offered three possible explanations:

Involuntary ignorance

(1) Not everyone is well-informed on the various economic theories. There are, for instance, people who have never studied or never actually read the literature of the various systems, and who are, therefore, incapable of forming an opinion about them.

Voluntary ignorance

(2) Some, through choice, continue to remain ignorant of the actual facts. For example, a certain type of person overhears street-corner accusations made against a certain social theory that it incites people to kill each other, to confiscate the property of the rich and

distribute it equally among the poor, and to make women common property. He credulously accepts this market talk and is firmly convinced of the truth of these vicious allegations. And he does not investigate further to determine whether the philosophy in question actually has incited people to kill, to confiscate the property of the rich and distribute it among the poor, or to make women common property.

(3) Some fear the loss of special privilege. To illustrate: a certain class of people recognizes the benefits inherent in some of the social philosophies, but declines to acknowledge them. Such people oppose the adoption of anything inimical to the special privileges which they enjoy. Thus they oppose the adoption of socialism, which places the government in control of industry for the benefit of the people at large. As capitalists they find socialism unacceptable inasmuch as it may entail the expropriation of their investment in industry. Again, there are people antagonistic to the government for private reasons. They may realize that a certain policy is excellent. But let the government adopt it, and they avow some other policy for no better reason than that they have stubbornly pitted themselves against everything that the government may attempt. Such people are social parasites who think only in terms of selfish advantage and are not concerned for the welfare of the general public.

It is my observation that for Siam still another explanation exists, to wit "pride and prejudice". On occasion I have read articles by Siam's intelligentsia pointing out alleged dangers supposedly immanent in certain social theories. I have asked the writers whether they were conversant with authoritative discussions pro and con of the theories in question or whether they had based their remarks simply on rumour. As a general rule I have found that they have been influenced by rumour. I have suggested to them that it might be well to study

Pride and
prejudice



the disquisitions of impartial persons. When they have done so, they have seen that their own expositions were inaccurate. But in order to maintain their reputation as scholars, in other words because of "pride and prejudice", they have continued to affirm their former position, even after they have acknowledged to me that they were in error. They do this, of course, because of false pride. And they are as much social parasites as those selfish individuals whose only concern is personal gain.

Impartiality

Therefore, the reader of this exposition of mine is requested to approach it impartially. He is asked to avoid the pitfalls defined above and to try to judge fairly whether or not the programme which I have drafted would be of benefit to the people, in accordance with the former proclamation of this government. If any who read are puzzled or in doubt about some point, they are invited to consult me. If you hear objections to the plan, I should like to ask you to be so kind as to inquire of the objector whether his reasons are his own or are criticisms that he has heard on some street corner. Ask him what reliable literature he has read or seen on the subject. And kindly report the whole matter to me as well.

The reading of this exposition does not require a university degree. One not so equipped can, with application, uninfluenced by gossip, determine the facts far better than he who has a degree but has made no attempt to search out the truth.

PART I

THE ORIGINAL PROCLAMATION OF THE PEOPLE'S PARTY

Third clause

On June 24th, 1932, the People's Party announced its programme to the general public in a six-point

platform. The clause which deals with the economic system of the nation reads:

The new government promises to promote the economic welfare of its citizens by providing remunerative employment for everyone and by promulgating a national economic policy designed to end poverty.

The ideal so stated has been planted deep in the hearts of our people everywhere. It will be emblazoned upon the history of this revolution. I, therefore, emphasize its importance again and again. For I am convinced that, if the government succeeds in promulgating a suitable economic policy, it will most assuredly be possible to provide remunerative employment for everyone and to terminate poverty. Such an accomplishment, great as it is, is not outside the realm of possibility.

Not beyond the ability of the government

My one paramount aim and purpose in furthering the revolution was to promote the welfare of our people. Essentially my concern was not to replace a single monarch with ■ multiplicity of monarchs, which constitutes the external semblance of ■ democracy. I was resolved above all else to do just this one thing: "to advance the welfare of our people." And I hold that the Constitution comprises the key which is to unlock the door of opportunity to them so that they may have a share in determining the course of government along the lines of their felt needs. Now that the door, which has been shut against them so long, has at last swung open, it is the responsibility of this government to lead them triumphantly through it to a land of happiness and prosperity. We must not lead the people regressively into some backwater.

It is, therefore, the duty of this government, which accepted the six-point platform of the People's Party, to implement the policies of that Party.

PART II

INSTABILITY OF THE PRESENT ECONOMIC SYSTEM

The poverty of
the people

Humane people cannot but be moved with compassion and pity for their fellowmen when they see the condition of the masses of peasant farmers or the poverty-stricken poor of the capital. Sympathy springs up unbidden at the sight of their inadequate food, clothing, and shelter, the bare necessities which are all they have in life. Even when they have food for today, tomorrow and the days after tomorrow are unpredictable. The future is at best precarious. When one considers the uncertainties of life, the way in which we are all subject to old age and disease, one may well ask whether these who, while they are still well and strong are so poor and needy, will in such eventualities have even food to eat.

The rich, middle-
class, and poor
may all know
want

The uncertainties of existence are not confined to the poor alone. The people of the middle and wealthy classes are each and every one of them subject to the same uncertainties. Consider well whether the fortune which you have been able to amass can be made secure not only for your lifetime, but for that of your children, grandchildren, and great-grandchildren. There are many examples of families of wealth who in a generation became poor. The inheritance left a son melts away and is gone, and the once rich heir becomes poor. Such examples serve to show the impermanence of wealth, which cannot guarantee the continuance of a mode of life. Again, can you know certainly that your bodily members will remain strong throughout your life? If you become ill or infirm so that you can no longer work, you will have to use the money which you have saved to the last penny. And when that has happened, where will you get food to eat during your illness and infirmity? Have

you ever thought seriously of what your feelings would be if such a thing were to happen to you?

PART III

SOCIAL INSURANCE

Such is the instability of the economic order that scholars have thought that the only solution lay in having the government undertake to insure the well-being of its citizens. That is to say, all persons who are citizens by birth are to be insured by the government so that from birth to death, regardless of whether they are children, are ill or crippled, or incapacitated for work, they will have food, clothing, and shelter, in other words, the necessities of life. When the government can give such guarantees, every citizen will sleep in peace, for he will know that he need no longer be apprehensive that in illness or infirmity or old age he will be in want. He need no longer fear that his children, if he has any, will be in need when he is dead and gone. For the government is the insurer. And the insurance which it gives is far more valuable than the accumulation of wealth, since wealth is subject to the unpredictable contingencies already mentioned.

The government should guarantee the security of every citizen

It is beyond the scope of privately operated companies to issue such insurance as this. Or if they do so people must pay a heavy premium for the protection. And where can people secure money enough to pay for it? No, only through "government" can it be done. Because a government does not have to collect premiums directly from its citizens. A government can work out some method other than the insurance premium one. Thus it can increase the productive power of the people and then collect an indirect tax which amounts to so little per day that the people will scarcely feel it.

Private companies cannot so undertake



Social
Security Act

In some foreign countries the beginning of national prosperity is held to date from the initiation of a plan for social security. To establish a programme of social insurance in our country it will be necessary for the government to promulgate a Social Security Act which makes it the duty of the government to distribute money to all of the people in sufficient quantities so that they may exchange it for the necessities of life such as food, clothing, and shelter, according to their individual status. (See the Social Security Act.)

Siamese like to be government employees

The plan to issue monthly wages to all of the people is peculiarly well adapted to the special character of the Siamese people. It is well known that all Siamese want to work for the government and that they like to receive regular salary. And yet some government officials travel around campaigning against this programme because they are unwilling to have all of the people work for the government. And they do this while at the same time they themselves are government employees receiving salary!

Money is used in exchange

If the government is to distribute wages to the people, where is it to get the money? Before we discuss this subject, let me remind you that money cannot be eaten. Money is only something to be exchanged for the necessities of life such as food, clothing, and shelter. The distribution of money is equivalent to the distribution of food, clothing, shelter, etc. Kindly remember why you accumulate money. You accumulate it in order to exchange it for the necessities of life. Thus if we call money a token or a measure we make no mistake. The distribution of wages is equivalent to the distribution of tokens which the people may exchange for the necessities of life, namely food, clothing, shelter, etc.

Government
need not
expropriate
property of the
wealthy

The government does not need to expropriate the property of the wealthy in order to secure money with which to distribute wages to the people. The government can provide the necessities of life by

establishing co-operative societies which will exchange material things for the wages the government will pay the people, by a method of compensation or balance. Thus if a citizen received *baht* twenty monthly, and if the necessities of life for him amount to *baht* twenty, the money which the government pays him returns again to the government. The amount of money which will remain in the hands of the people will be that amount which is in excess of their living expenses. Only this sum will have to be provided by the government out of capital funds, according to the custom of the rest of the world, in gold or silver or their equivalent. If it is not desirable to issue large amounts of currency which must be guaranteed by gold or silver reserves, the government can establish a trustworthy national bank for the deposit of the people's money. Then the depositors may use cheques or the above described method of compensation to draw their money. In this way the currency issued for circulation need not be a great sum.

Since the government is to establish social security by paying salaries to all citizens, it is obviously necessary for the government to establish co-operative societies which will produce the necessities of life and will act as the distributing agencies for those necessities. If the government does not establish societies to produce and distribute the necessities of life, or if it does not control such production and distribution, how then can it insure the security of the people? Where then can the government find the money to pay wages to the people?

Government
administers
the economic
system

The administration of our economic system depends on:

1. Land, which includes the wealth in, on, and under the land.
2. Labour.
3. Capital.

Our first question is: Do the people have land and capital enough? We shall see that 99% of the people

The people lack
land and capital



lack sufficient land and capital for the maintenance of life at a proper level under the present system of private enterprise. The people have man-power, true, but how can they use their man-power when they lack land and capital?

Land, labour, and capital of the nation

If we survey the land, labour, and capital of the nation, we shall see that in Siam there are five hundred thousand square kilometers (over 320 million rai) of land. The land is potentially rich with trees and other vegetation. Under the land there is great mineral wealth. As for labour: there are over eleven million people. And as for capital: although there is not a great deal, Siam is not an undeveloped country. The natural resources and the excellent reputation of the nation are assets which can be used to attract foreign capital according to some plan to be proposed by the Treasury, without unduly inconveniencing the people.

PART IV

LABOUR WASTE AND SOCIAL PARASITES

It is a pity that because of the existing economic system this rich land of ours is not more fully developed. As a direct result of the system of private enterprise much man-power is wasted, labour efficiency is lowered, there is a lack of tools and machinery needed to increase production, and there are social parasites whose labour value is negative, as will be shown in the following:

CHAPTER 1

Labour is Wasted by Not Being Fully Employed

It is apparent that the peasants, who form the majority of the population of Siam, till the fields, on the

average, not more than six months out of the year (inclusive of ploughing, sowing, harvesting, etc). Thus six months of their time is wasted. If there is a way to utilize this wasted six months in productive activity the prosperity of the people will be increased. I am glad to be informed by those interested in economics that this is possible. But how can private enterprise accomplish this? The answer is, of course, that it cannot. As I see it, the only way to avoid this waste of time is for the government to draw up a national economic plan so that the people can use their extra six months productively.

40% of labour
is wasted

CHAPTER ■

Labour is Wasted Because of Unsatisfactory Economic Administration

Even the effort employed in the six months of actual labour is inefficiently used because each one works for himself, thus each farmer works only his own individual plot. Accordingly much more effort is required than would be necessary if people co-operated. Each peasant raises his own cattle, does his own ploughing, sowing, and harvesting (except for those occasions when certain groups voluntarily employ a system of communal harvesting), and secures his own food. If the peasants were to co-operate they could decrease the amount of labour expended. Thus in the raising of a cow, a peasant under the system of private enterprise has to care for it himself. But if peasants co-operate, they can throw their cattle into a herd and have one person look after the whole herd. Thus, in one particular, the amount of work would be decreased. Household work, such as the preparation of food, could be lessened by a club system. A shop could be established to provide the day's food for all the people in a community. In this way only one or two cooks would be needed. Thus we see that in the preparation of food, in the raising of cattle, and in other similar activities, the

Labour is wasted
because each
works for
himself



co-operative method would decrease the labour expenditure. The labour thus saved could be employed in economic enterprises which are still needed. If we permit the present individualistic system to continue there is no hope of harnessing the full productive power of the people.

CHAPTER 3

Labour is Wasted Because Machinery is Not Used

Labour wasted
because of
primitive
methods

Machinery a
boon

Everyone knows that our present method of agriculture (ploughing, sowing, and harvesting) employs the strength of men and cattle. This method was necessary in primitive times, before machinery was invented. However, mechanical experts could invent machinery which would meet the requirements of this country. This is possible because of the development of science. The only obstacle would be the lack of interest on the part of the experts. A fundamental economic principle is that machinery multiplies the efficiency of labour. Thus in the matter of ploughing, which was tested out recently, it was clearly seen that the mechanical plough, which uses one or two men, can plough many thousands of *rai* of land in one season. Siamese are slight in body, not as strong as Chinese and foreigners. If we depend upon man-power in our various enterprises we can never compete with Chinese and foreigners. If we use machinery we can compete successfully. But at present are all of the peasants able to get machinery? Do the farmers have sufficient money to buy it? True enough, there are a few people who have enough capital to buy machinery without the aid of the government. In this connection be sure to observe the fact that machinery is both a blessing and a curse. Thus in foreign countries more and more people are unemployed. Is not this because machinery has displaced labourers? As machinery becomes prevalent, more and more people are thrown out of work, naturally.

A mill which customarily employed a thousand weavers at hand looms requires only a hundred weavers after machinery is installed. Thus nine hundred people are thrown out of work to enter the ranks of the unemployed. But we cannot blame the machinery, for machinery is a boon which lessens the labour of mankind. The unemployment situation has been created by the competitive methods of private enterprise. It is customary for factories which need only a hundred employees to release the nine hundred unneeded workers. The owner of the factory is under no obligation to support people he does not need in his work. And where will the nine hundred find employment? If all factories and all agriculturists used machinery, there would be a great multitude of unemployed and accordingly huge economic loss. But if the government were to administer the whole economic system the results from the employment of machinery would be good.

Machinery a curse

Machinery under government control is only a blessing

Thus if the mill which released nine hundred employees because efficient machinery was installed was under government control, the extra nine hundred people would be reemployed immediately in a new project such as ■ sugar mill, silk factory, road construction, or the clearing of jungle for fresh planting. But supposing the country expands its factories and agricultural projects to the limit so that no more labour is needed. The working hours could then be decreased unilaterally. Thus, if people were working eight hours a day, their working time could be cut gradually to 7-6-5-4-3-2-1 hours a day without reducing salaries. In this way only good would come from the use of machinery which would lessen the burden on man. As long as there is private ownership the decrease in working hours carries with it a corresponding decrease in wages. It is an economic law that as unemployment increases wages decrease; and that the hardship entailed in this process then falls upon the working people; and that, therefore,



Easier to find capital than machinery

Indirect taxes

Social parasites retard prosperity

machinery ruins the citizens. The only solution then is not to use machinery, say some. But if machinery is not used we will lag farther and farther behind other nations.

When the government administers the whole economic system by establishing co-operative societies, aside from solving the labour question it makes it easier to secure capital because the government treasury department can work out an acceptable plan for securing it. For instance, the government can collect indirect taxes from the people in small daily sums which the people will scarcely feel, but which, in a year, will amount to a great deal. Thus an indirect tax which collects one *stang* a day from every person totals in a year, from eleven million people, about forty million *baht*. Aside from this the government can base its borrowing upon its good name and the national resources, which is a better guarantee than private industry can offer. The government may agree with foreign nations to buy machinery at cheap prices in huge quantities, to be paid for in instalments. Other countries have already used this system to good advantage.

CHAPTER 4

Labour is Wasted Because of Social Parasites

In Siam some people are born social parasites, dependent upon other people for support. They do not engage in any economic enterprise even though they are well able to work. They depend upon others for food, clothing, and shelter. At best they do only a little work. This situation may be seen both in Bangkok and in the provincial centres where great numbers of people are living on the largesse of the middle and the wealthy classes. Aside from being non-producers they force the price of things higher by their very existence. Thus if a hundred people can raise a ton of rice apiece there are a hundred tons produced. But another fifty people who are non-producers help eat the rice. If these fifty helped

the hundred raise rice there would be an extra fifty tons of rice. If they are allowed to live as at present, they will become slothful people indeed. By permitting private enterprise to continue and by permitting non-productive people to depend on others for support, we force the economic prosperity of the nation down rather than up. There is no method better than government control of the economic system, because the government can require all people to work and can make social parasites become producers for the good of the nation.

PART V

METHOD BY WHICH THE GOVERNMENT SECURES LAND, LABOUR AND CAPITAL

An important principle to remember is that the government must use legal methods and in addition must depend upon the co-operation of both the poor and the rich to accomplish its aim. The government must not destroy the wealthy class.

CHAPTER 1

Securing the Land

At present all land under cultivation is controlled by individuals; all other lands are jungle or undeveloped lands which are not yet cleared. Cultivated land yields a profit hardly equal to running expenses and taxes, or running expenses and interest, as the case may be. This is because 99% of the farmers are in debt and have either mortgaged their land, or given it as security to their creditors. Their creditors, on the other hand, can collect neither the full interest nor the principle. The landowners at Rangsit, for instance, are unable to collect the full rent from those to whom they have leased their lands, and actually pay out more in taxes than they receive. Thus

At present
landowners
receive
inadequate
returns



Purchasing land

both poor and rich are losing money. Landowners everywhere would be glad to sell, even if they had to lose a part of their principle. Creditors, who have made loans to the farmers, would like to recover their principle. They do not want to continue to hold the land as security, for if the mortgages were to be foreclosed and the land sold at public auction, little could be realized since the market value of the land is at present so low. This state of affairs is the direct result of the government's present policy which permits competitive private enterprise to operate as it will. Taking all these factors into consideration it becomes clear that, if the government were to offer to buy the land at a fair price, the farmers, the landowners, and the creditors would be delighted. For the business of owning or of holding land for security has proved to be a liability rather than an asset. The method to be used in purchasing the land which I am about to suggest is far different from the communistic one of expropriation.

*Where Shall the Government Get Money
to Buy the Land?*

Purchase with
bonds

At present the government does not have in its possession sufficient reserve funds to purchase the land, but the government could issue bonds to the landowners to the amount of the value of their land. The per cent of interest on the bonds would be determined by the government in accordance with the rates of interest prevailing on the day of purchase, not to exceed the maximum legal rate of fifteen per cent. Suppose a piece of land is evaluated at *baht* one thousand: the owner will receive a bond from the government for *baht* one thousand. Suppose that the prevailing rate of interest on the day the bond is issued is seven percent: the owner will receive *baht* seventy per year on it. This interest, assured as it is by the government, would be more dependable and certain than hypothetical profits to be derived from the

land. Instead of holding a document showing how much land he owns, the individual concerned would hold a bond showing how much money the government owed him.

Kind of Land to be Purchased

The type of land which the government would wish to buy back would include all productive areas such as fields and gardens. There would be no need to buy residential sections unless the owners wished to exchange their property for government bonds. When the amount of land used for residences is compared to the amount used in agriculture, it is evident at once that the amount needed for residences is so small a part of the total arable land that it will not in any way interfere with a programme of economic advancement and expansion. So the residential sections may well be allowed to remain in *status quo*.

Land not to be purchased

When the aforementioned arable land has reverted to the possession of the government, the government can determine how it is to be sub-divided and used in various economic projects. Further, the government can indicate in detail what kind of machinery and how much is to be used. It can plan a complete system of irrigation. Under the present policy each landowner works out a system of irrigation as best he can. When the government controls the land a better co-ordinated and cheaper system can be created. Fewer pipes and drains will be necessary. In the same way ploughing and cultivating can be planned as units. The scattered individualistic methods used at present waste time and effort. Technical methods for enriching the land can be worked out by the government, too, and the ancient formulae of the peasants discarded. The present method which relies upon the constant teaching of the peasants by agricultural experts is too slow. But if the government takes charge a great deal can be accomplished



immediately, for peasants who are government employees will have to obey their superiors.

Love of Land

Love self or
love race

Among scholars who advocate economic systems based on private enterprise, it is axiomatic that love of land vanishes simultaneously with the transfer of ownership from individuals to government. This idea is actively inculcated into the citizens of those nations which fear that successful communal enterprise will spell the overthrow of the present system of government. It is also asserted that the consequence of loss of ownership is, after loss of love for the land, a cessation of interest in land improvement. Now those who so asseverate seem to do so with their eyes shut. The process of causing the people to regard their land as a part of themselves, in the language of philosophy, finds its basis in the principle of *egoism*, the ethical theory that self-interest or self-development is the end of moral action. It is, therefore, the exact opposite of nationalism which rests on the principle of *altruism* (regard for and devotion to the interests of others). We hear a great deal from some people about nationalism, or love of race. Is it not obvious that love of self and love of personal possessions is diametrically opposed to this declared love of race? Personally I doubt the sincerity of people who claim to embrace the theory of nationalism, but who travel about advocating what amounts to egoism. At heart do they truly love their race? That is the question.

I have already pointed out that, in order to maintain the status of the family, the government should not attempt to purchase the homes of the people. This provision disposes of the question of attachment for land, allowing as it does for quite enough ownership of land to satisfy any need for an object of affection. But in this connection, consider for a moment the situation in Bangkok where many people rent the land on which they

live, rent a house, or rent a room in some tenement. They obviously have no land to love. And if we accept the maxim that love of race finds its source in love of land, must we believe that these people in Bangkok are devoid of love of race? I hardly think so. As a matter of fact some of our great landowners under any economic plan are concerned primarily for their own holdings. Let the reader look about him carefully to see whether he can determine which class, landowners or non-landowners, loves race the more. I say there is no observable difference between them. The ownership of land is irrelevant to the question of nationalism, or love of race.

In regard to the charge that non-landowners will not improve the land under their care, the contention is ridiculous. When the government buys all the land it is equivalent to saying that all of the citizens are landowners, because they have become shareholders in the great corporation which is the government. As a matter of fact a corporation usually improves its property more zealously than the individual owner does. We have in Siam government employees who are expert agriculturists and whose duty it is to direct the development of the land. When the land reverts to the government these experts with their special education, skill, and ability will supervise all such development. In my opinion it is idle criticism of our staff of agricultural experts to say that the land will not be developed actively once private ownership ceases.

On the contrary, as I see it, the exact opposite will occur, the land will be improved with irrigation, better grades of seed will be used for planting, the correct fertilizers will be employed. Our agricultural experts will have the widest opportunity for the full use of their knowledge. They will not be hampered and limited as they are now by the unwillingness of the people, who shut their eyes and ears to everything new, to adopt the methods which the experts advocate.



People who wish to engage in agriculture, but who have no agricultural land to turn over to the government, will be permitted to volunteer for that branch of the government service. If the department is overcrowded, they will, of course, have to volunteer for some other branch. They will be guaranteed food, clothing, and shelter, in any case. Their poverty will certainly be no greater than it is at present. On the contrary, the likelihood is that, when the government administers the economic system itself, they will be considerably more prosperous.

Or again, returning to our discussion of the question of nationalism and the ownership of land, consider for a moment the origin of most of the government employees of today. In the beginning almost all of them came from families which were engaged in agriculture. They left their fields and their lands when they accepted government service in Bangkok or one of the provincial towns. Can we say that people who left their land to serve their nation love their race less than those who stayed on the land to raise rice? If that were the case they should never have left their fields at all; but I do not believe that it is.

Beware of
deception

Insofar as I have studied the argument of people who contend for the private ownership of land, I have found their basic premise to have been derived from a belief in the principle of private enterprise. They add other reasons, of course, to strengthen their point, reasons designed to appeal to the selfish and acquisitive nature of man, and thus comparable to indirect bribery. As for those government officials who become palsied at the idea of the people leaving their fields and flocking to work in industrial centres, they seem to be afraid that, if the people live together in populated centres, they will discover the inefficiency of these officials. Or perhaps they are overcome with the fear that they will be unable to guarantee the economic welfare of the people and as

a result of the ensuing debacle will lose their own choice positions. All such fears contribute to the retardation of prosperity. For the people of these various categories make it their business to convince others, who are easily won by specious arguments since they have never studied the question or the validity of the reasoning, and these too in their turn join the procession.

CHAPTER 2

Finding Employment

It is the nature of the Siamese people to like to work for the government, that is to desire to exchange their services for a regular government salary. This characteristic is obvious to everyone. And yet the very persons who argue against government administration of the nation's industries are for the most part officials. They seem blind to the fact that they themselves are government employees at the very time that they are opposing the granting of this status to other people who presumably share their desire to work for the government. The reader is asked to beware of their arguments. Embarrass them with this simple question: "Are you in government employ? If so, why do you oppose the granting of the same status to others?"

Some officials oppose the granting of the same status to the people

Since, then, it is the nature of the Siamese people, as has been said, to prefer government service, there will be no difficulty in enlisting the entire nation as government employees. But this does not mean that such employees will merely sit at desks keeping books and giving orders. All economic projects under government control will be called government service.

The people as government employees

The government will next decree that all persons between the ages of eighteen and fifty-five are to be employed in various projects according to their education, strength, and abilities. Beyond the age of fifty-five they will be eligible for pensions for the rest of their lives. Before the age of eighteen they will be expected

Work according to strength and ability



to attend school and do such light work as they are able. All employees will be entitled to receive salaries from the government or the co-operative societies. These salaries will necessarily vary according to education, strength, and abilities; in order that all employees may be encouraged to develop and use their abilities to the utmost. But however that may be, the minimum salary will be adequate for the purchase of the necessities of life such as food, clothing, shelter, etc.

Question: Will the government compel all people to become government employees?

Answer: It will not be necessary for the government to compel everyone to become a government employee. There will probably be exceptions made for well-to-do people and others who object to entering government employ, preferring to earn an independent living; provided, of course, they can prove their ability to so do even in sickness and old age as well as to assure their children of proper education and support. Everyone else must enter government service, because such service is equivalent to accumulating reserve funds for the eventualities of sickness and old age.

Question: When the government administers the whole economic system, how can people engage in private enterprise?

Answer: The administration of the economic system is to be constituted in such a way that individuals can successfully engage in certain types of private enterprise, as, for instance, the independent professions of author, doctor, lawyer, special teacher, etc. When any person wishes to engage in such private professions as these, he will be able to secure permission to do so. Again, in the case of factories already operating under private ownership, permission will be granted to continue to do so, if the owners do not wish to enter government service, they can exchange their properties for interest-bearing bonds issued by the government, the

Exceptional citizens need not enter government employ

Independent professions

interest from which will yield them a living. Or again, persons engaged in certain types of trade and agriculture may be granted permission to engage in private enterprise when it has been shown that they can support themselves satisfactorily.

No unfortunate results are to be anticipated from having the majority of the people become government employees. On the contrary the results may be expected to be excellent: the potentialities of the people for productive labour will be fully and efficiently employed. After deducting regular holidays the people as a whole will be provided with work for the entire year. The fact that at present the farmers are idle six months of every year need worry us no longer for they will all have full-time employment. The government will provide extra work for the period that is wasted under the present system. Thus, when the field work is done, there will be work of other kinds such as gardening, road building, etc., as the national economic plan indicates. In addition, when all of the people are in government employ, the government can require them to study the arts and crafts in their spare time, or can drill them as soldiers, thus lessening the time they must normally spend as conscripts in the army.

Results from
this plan

CHAPTER 3

The Raising of Capital

The government will need two kinds of capital for administering the economic system:

1. Capital to be invested in machinery and manufactured products which the government cannot as yet produce.

2. Capital for the payment of wages.

This second kind of capital will be used in workmen's compensation, and will be constantly in circulation. Thus those who receive wages will use their wages to buy food, clothing, and shelter from the

Circulation of
money

government. If the amount of money required is estimated correctly, debits and credits will balance very closely. The amount of credit balance in favour of government employees will have to be provided in cash by the government. But as I have already said, if the government were to establish a national bank, government employees would bring their money to the bank for deposit. That is, the people would become the creditors of the government to the amount deposited. There would be no need for them to carry their money on their persons where it might very easily be lost.

Question: How does the government propose to raise the two kinds of capital required?

Answer: Siamese scholars who lean toward the social philosophy of communism advocate the expropriation of the wealth of the people to provide the necessary capital. Personally I am opposed to the expropriation of property, believing, as I do, that the government can secure the needed capital in other ways, such as:

Indirect taxation

(1) Through the collection of such taxes as inheritance taxes, income taxes, or indirect taxes which take only an infinitesimal sum per day from each citizen. In a year, however, these small sums amount to a great deal. Thus a tax which draws one *stang* a day from each of eleven million people produces in a year the huge sum of *baht* forty million. The salt tax is a case in point. The government buys salt from the salt farmers at the current price, and then sells it to the people at a slightly higher price. Other indirect taxes are the sugar tax, tobacco tax, match tax, etc.

Lotteries

(2) Through lotteries. Although lotteries are a form of gambling, I feel that they have no moral implications. It is true that purchasers of tickets must depend upon luck, but the amount risked is too small to be important.

Borrowing money

(3) Borrowing within the country. Internal

loans can in all probability be raised by co-operating with the wealthy class. Such loans may be in the form of notes for the amount involved or bonds secured by specific government-owned factories. For instance, if the government were building a sugar mill to the value of *baht* one million, the government could issue bonds to that amount, which would yield the buyers interest, as specified, from the profits of the company. Or it may be possible to float loans abroad; although money derived from such loans should be used only for the purchase of machinery and other manufactured products which cannot be produced here, and should not be spent within Siam.

(4) Or, if the government cannot float loans abroad, it may be able to arrange to buy machinery abroad on the instalment plan, as other nations have been able to do.

Siam should purchase such foreign products from the companies of friendly nations such as England and France, unless, of course, they are unwilling to sell on the instalment plan, or unless their prices are too high. Or perhaps the government could finance the erection of branches of foreign companies here in Siam for the manufacturing of the required products, holding the physical plant and profits as security against the loans to the companies. Some such methods as these can certainly be employed, since it is well known that the markets of the world are flooded with modern machinery, which the companies manufacturing it are anxious to sell even if they must sell on credit.



PART VI

BALANCING THE GOVERNMENT'S BUDGET

When we speak of government administration of the entire economic system, which entails regular monthly wages for all citizens, the questions which naturally arise in the mind of the reader are: whether the budget can be balanced; whether the government will be forced into bankruptcy; and whether the value of the currency will be depreciated by inflation.

CHAPTER 1

Balancing the Budget within the Nation

The system of compensation

I have already said that the wages of the people are to be debited for the amounts spent on the necessities of life purchased from the government. That means that the government will have to provide these necessities in abundance, in order that the people in turn may purchase them from the government. If month by month and year by year the people save their money, they save it in order to spend it in the future for things which they still must buy from the government. So the balance of the financial system of the country is assured. It would also be possible, though undesirable, to fix the prices of goods offered for sale. Instead, however, the government should provide more things which the people will want to buy.

The needs of man

The needs of mankind differ. The more man prospers, and the more extensive his contacts with others of his kind, the more he feels that he must possess. Professor Charles Gide teaches that to say ■ people have advanced is merely to say that their wants have multiplied. (The Teaching of the Science of Economics: Vol. I, page 49.) Thus primitive people need little more than ■ cloth to protect parts of the body. As they become more civilized they desire clothes that cover the entire

body. So, as the Siamese people prosper, their needs will multiply. In the matter of clothing they will demand more and better materials, such as silks. They will want better homes and more and finer personal effects. In the matter of communications, they will want automobiles, and roads on which they can travel long distances even to foreign countries. They will want better opportunities for recreation, theatres, and sports especially. When the government supplies all of these things, the wages paid the people will return to the government as considerations for them, and will re-establish the internal balance of the financial system.

Manufacturing
the necessities
of life

CHAPTER II

The Balance of Foreign Trade

The government will inevitably have to contract debts abroad to finance purchases of machinery and other manufactured products which cannot be produced here. Where, then, is the money to come from to repay such debts? In the first place every effort should be made to increase the production of native products so that there will be a surplus, beyond what is required for internal consumption, which can be exported for sale abroad. Money derived from this source can be applied on the debts. In this category are rice, teak, ore, and other similar products.

Surplus
production

Even under the present system of private enterprise Siam has a foreign trade of about *baht* 134 millions. This trade is in products produced in quantities which exceed the needs of internal consumption. But Siam imports many things besides machinery. For instance we import food, sugar, cloth, etc. If the government were to produce all articles now imported which could be manufactured here—and that would mean a very large share of present importations—the money derived from our foreign trade of *baht* 134 millions could be applied on purchases of machinery which we cannot yet

Unnecessary
imports

Only necessities
to be imported



produce. Whenever this is possible we shall see how rapidly the nation can progress. Another advantage from government control of foreign trade will be that the potentialities of the people for productive labour, at present only partially employed, can be used by the government to increase the volume of such exports. The nation will then be able to import even more of those goods such as machinery which it requires. And so progress will be secured without incurring an adverse balance in our foreign trade.

PART VI: Continued

THE ADMINISTRATION MUST NOT REDUCE MANKIND TO THE LEVEL OF ANIMALS

Readers with a preconceived antipathy for this policy may conclude immediately that, when the government controls the whole economic system, the people will be reduced to the level of animals: i.e., women will become common property; family life will be destroyed; interest in progress will cease, etc. This type of criticism is ill-grounded.

Government employees shall be similar to government officials

Family life

It is true that I have said that all the people are to become government employees with the same privileges and perquisites which officials now enjoy; salaries in exchange for their labour, and pensions for their old age. I have taken care that none of the provisions of this plan shall reduce man to the level of the beasts. I want man to be more of a man than he is at present, harassed by the worries and anxieties implicit in the competitive system of private enterprise. I reverence the family. I do not make women common property. I honour very deeply the ties of kinship which exist between grandfathers and grandmothers, fathers and mothers, and their descendant. The marriage laws will not be repealed. The

people are to continue to have their own homes, the only difference being that the homes will be better homes. I believe that the people will strive to advance the wheels of progress as the government officials do today. If it were true that the mere fact of employment by the government destroyed initiative, why would present day government officials strive with all their might for the sake of national progress as they do?

There are some who declare that the enactment of this policy will mean the end of scientific research. This certainly is adverse criticism in an exaggerated form. Scientists will be encouraged to continue their programmes of research by rewards offered by the government. Their inventions will continue to be purchased by the government as they are today. So please do not go around saying that after this policy is in force there will be nothing left for man to do except to live in a hole and eat his rice out of the frying pan. If you will ask critics who make remarks of this sort what books they have been reading to get such ideas as these, and will then let me know, I shall consider it an act of kindness.

Scientific
research

PART VII

THE ESTABLISHMENT OF CO-OPERATIVE SOCIETIES

In the administration of the whole economic system it is obviously impossible for the central government to oversee and direct every individual project. Siam is a great nation with a population of more than eleven millions of people. It thus will be necessary to sub-divide the administration of the economic system into units or co-operative societies.

Central
government
cannot oversee
all details

Each co-operative society will accept members who will be entitled to receive monthly wages according

Society members
to receive salaries

to the established wage scale, in return for which they will be expected to work for the society to the best of their ability. If they are incapacitated by illness, old age, or physical disfigurement, they will be entitled to pensions.

The co-operative societies will administer the units of the national economic plan. Thus the agricultural societies will be responsible for farming and gardening, cattle raising, etc. They will also be expected to undertake certain other definite projects such as the building of roads, erection of houses and other buildings needed by the society, etc. Besides their regular salaries, members of the co-operative societies will be entitled to bonuses from the profits of the societies. The societies to be set up under this plan are thus very different from the present co-operative societies for membership in which the ownership of land is a prerequisite. The farmers who rent their fields, and they are in the majority, cannot secure membership in them.

The number of members to be received by any one society and the boundaries of its activities will be determined by the nature of the society itself. Thus an industrial association will probably have as members only persons engaged in a certain trade. The size of the society will be determined by the size of the trade. The size of an agricultural society will probably be determined largely by the boundaries of the land to be worked, and the number of people needed to work it scientifically.

Co-operative effort

The members of the co-operative societies will be expected to unite to accomplish their share of the sum total of economic endeavour, as follows:

1. The government will supply land and capital. The members of the society will supply the labour and assume responsibility for production.
2. The members of the societies are to assume responsibility for the merchandising and distribution of

the products which they produce, under the guidance and direction of the central government.

3. The societies are to assume the responsibility of providing food and drink to their members. That is the society will undertake to sell food, drink, wearing apparel, and other necessities to its members, but will not be responsible for preparing such food as is sold. Its responsibility will cease with the distribution of uncooked food to its members such as rice, raw meat, etc., which the members will be expected to prepare for themselves according to their own tastes. But if the members so desire, a society may arrange to prepare all food which is to be sold to its members.

4. The societies will be responsible for the erection of homes for the members under the supervision of the government. Each member-family shall have its own home, built according to the society's plans, and designed to safeguard health, to provide adequate protection from danger, and to make for ease in administration.

When the people have been organized into co-operative societies, it will be easy to initiate the municipal form of administration and to arrange for an effective public health service. For instance, a society will wish to secure a doctor, who will draw up health regulations. Group education will be facilitated by the fact that the members live close together. After the day's work is over the society can, if it wishes, require its members to study in order to improve their knowledge. The subject matter of such study may be books, lectures, or moving pictures. The suppression of thieves and robbers will also be facilitated. The military can co-operate with the societies for the training of the citizenry before they reach the conscription age; or may train reserves who are outside the ordinary provisions of the conscription requirements. Military training would thus be facilitated, as would possible later conscription.

Municipalities,
public health,
education,
military service



PART VIII

WHAT LINES OF ECONOMIC ENDEAVOUR SHALL THE GOVERNMENT UNDERTAKE

Safeguarding the country against trade restrictions

Opinions of a German economist

The fundamental aim of the government should be the administration of all kinds of agricultural and industrial enterprises with a view to rendering this country entirely independent of all foreign nations. This should be done to protect the country from dangers arising from trade restrictions of various sorts. When we are entirely self-sufficient, trade restrictions and embargoes will not unduly disturb us. Adam Smith, who has many devoted if erring followers, taught that the work of the world should be divided up among the nations, each nation becoming a specialist in one thing. An agricultural nation, according to his philosophy, should engage only in agriculture and never in industry. This theory would be excellent in a world where nations were absolutely honorable in their treatment of each other, and did not erect trade barriers or artificially lower prices. But at present this is hardly the case. We should rather proceed along lines laid down by the German economist, List, who taught that Germany must make herself completely self-sufficient: to be specific, must develop a complete system of agriculture, industry, and crafts so that, in the event of international conflict, Germany would be in a position to ensure her own prosperity and advancement. By following this policy closely, the German government was able to attain remarkable results, especially in such undertakings as the railroads. And at the present time Germany is firmly convinced that her welfare depends upon the successful administration of the economic system by the government. That is why Hitler has been given the key position in that government. He is a strong believer in the theory that the government should exercise complete control of the

economic system. In England the head of the government is MacDonald, and in France Daladier. What theory of government these men hold is well known. They are both believers, at least to some extent, in the system of co-operation between government and citizens in the field of economics, and in social assurance.

Hitler,
MacDonald,
Daladier

PART IX

THE SOLUTION OF THE CAPITAL AND LABOUR QUESTION

If Siam continues to allow private ownership of manufacturing plants, the advocates of the system should know that it inevitably entails industrial conflict. Siamese who have studied in Europe are well aware of the fact that the industrial situation there with its quarrels and hatreds between employer and employee has often resulted in lockouts on the one side, or strikes on the other, because of disagreement over wages, or hours of work, or vacations, or insurance. And further that the cause of this discord was the system of private ownership. Even though Siam is a small nation with few industrial plants, we have seen the beginnings of these problems. For example, there was the case of the tram-car men. The more a nation prospers, the more factories there are. And when industry is fully developed here you will see how extensive will be the discord even in Siam. But when the government administers the entire economic system it will not matter whether the people are labourers or other kinds of government employees. For whichever they are they will be equitably rewarded for their services on a basis of achievement. In a very real sense the government will be the representative of the people, which is the same thing as saying that the people themselves will own everything in the nation.

Private
ownership
creates discord

Competition for profits in private enterprise

When the profits of their joint enterprise are greatly multiplied, labourers and other government employees will share this prosperity equally. The government will have no reason to reserve the larger share of the profits for any special class, for there will be no special class. How different this is from the system of private enterprise in which the owners of industrial plants attempt to retain the bulk of the profits for themselves, and in so doing often oppress the workers whose labours produce the profits.

Profits from government control

It is true that there are some who claim that, when the government administers the economic system, there will be nothing but deficits. They attempt to prove their point by citing prejudicial examples from other countries. Thus in a certain country where the organization of labour was faulty, the workers did not produce their full quota. The deficit caused by this situation could not possibly be attributed to government control of the economic system. Even in privately operated industry the same sort of deficit would result from a lack of organization, or from faulty organization of labour. Essentially the cure is not to be found either in government or in private control, but in efficient management of the factories and adequate supervision of the labourers. A further point in favour of government administration of the entire economic system is that the government is assured of profits by the fact that it can utilize what are now only latent abilities for work; can conserve the expenditure of labour; and can multiply its efficiency by employing proper machinery. That being the case, how can government control result in a deficit?

PART X

NATIONAL ECONOMIC PLAN

In order that the administration of the economic system should be both well-regulated and beneficial the government ought to promulgate a national economic plan. The promulgation of such a plan presupposes the preparation of careful estimates and the close examination of such elements as those mentioned below, on which any economic plan must rest.

1. It will be necessary to investigate carefully and prepare estimates of the necessities of life required by the average citizen of a civilized nation in order to assure him a happy and prosperous existence. Estimates should not be so low as to leave the people in a state of poverty. Thus in the case of food the estimates should give the approximate quantities needed, for a specified period, of rice, meat, salt, vegetables, fruit, sugar, etc., for an average citizen who is accustomed to living well. In the same way with regard to clothing: the estimates should specify how much in the way of wearing apparel the average citizen will require, inclusive of cotton cloth and silk for clothing, hats, shoes, suits, stockings, etc. In the matter of housing, every family should be provided with a separate home, which is neither a hut nor a shack, but a proper residence such as a substantial brick building, in which an ordinary citizen can live comfortably. We must endeavour to change from the jungle type of home, which is still the accepted type in the remoter parts of Africa, to well-constructed buildings comparable to homes found in civilized countries.

The example of
civilized nations

Plans for a complete system of transportation should include details of the future construction of railroad lines and motor roads, which will serve to facilitate the interrelations of the people. Every co-operative society centre and every district in the kingdom should



be linked together by a co-ordinated system. Canals and docks should be projected to improve communications by water. Airlines should also be extended over the whole kingdom. Each individual family or each co-operative society should be provided with vehicles, such as automobiles, so that the *pro rata* distribution of vehicles amongst the Siamese shall be comparable to that among the people of civilized nations.

2. When these various estimates and investigations have been completed, further estimates will be necessary to determine how much land, labour, and capital will be necessary to produce them. Thus in the cultivation of sufficient rice to feed eleven million people, let us suppose that 2931 millions of kilogrammes are necessary. Let us suppose further that the growing of this amount of rice will require 15 million *rai* of land, and definite amounts of labour varying according to whether men and animals are used, or men and machines. Thus if one man can plough $\frac{1}{2}$ *rai* per day by using animals, the ploughing will require 30 million units of labour, on the basis that a unit equals a day's work for an average man. But if two men, using a mechanical plough, plough forty *rai* per day, the number of work days required will be only 750,000. The efficiency of a single labourer is thus greatly increased.

Suppose then, that for the harrowing and sowing without machinery 15 million units of labour are required. If machinery is used that amount is reduced to 750,000 days. (Estimated roughly from the above example.)

Harvesting by man power normally requires 30 million units of labour. If the fields can be levelled and drained so that harvesting machines can be employed, this figure will be cut to 750,000 days.

Transportation of the harvest into barns, which ordinarily requires 15 million labour units, will require only 750,000 if machinery is used.

To sum up, the expenditure of labour counted by units or days required for the task of raising the amount of rice mentioned above would be:

a. 90 million labour units, if the work was to be done by labourers working with animals.

b. 32,250,000 labour units, if machinery was to be used in ploughing, harrowing, sowing, and transporting, but not in harvesting.

c. 3 million labour units, if machinery was to be used in every department of the work. But in this case the amount of capital needed would be greatly increased because machinery and oil would have to be purchased. If the ploughing of 15 million *rai* of land requires 5,000 mechanical ploughs at *baht* 3,000 per plough, the amount of the initial investment would be 15 million *baht*, which the government would have to pay in instalments. Additional capital would be needed for the purchase of oil, unless, of course, it was to be invested in drilling oil wells and building refineries here in Siam. Or possibly some other crude fuel could be found.

3. When all the estimates as discussed above have been prepared, it will be necessary to make further estimates of the land, labour, and capital now available to the government either potentially or actually as a basis for the proposed economic system.

First, our country has over 320 million *rai* of land, of which 18 million is already under cultivation. Questions which naturally arise in this connection are: Is the remainder suitable for crops? Is it suitable for orchards? Could some of it be used profitably for national forests? What mineral resources are there available?

Second, the amount of available labour will have to be carefully estimated. Thus in our population of eleven million persons, suppose that five millions are under or over the age limit. This leaves six millions who can work eight hours a day, 280 days a year, 85



days being set aside for holidays. A total of 1,680 million days of work is possible. In preparing the estimates it will, of course, be desirable to divide the potential labour supply into such classifications as those of unskilled labourer, skilled labourer, intellectual worker such as engineer, doctor, teacher, supervisor, and government official, and to give the approximate number available in each classification.

Third, the amount of capital available will have to be estimated so that the government can know its potential strength in this particular. Questions to be decided in this connection are: How much can be borrowed from the wealthy? And how much can be collected in indirect taxes without making such taxes unduly oppressive?

When all these estimates have been completed, we will be in a position to know how much land, labour, and capital are available; how much additional capital will have to be secured; how much undeveloped land can be utilized; and how best to divide the economic system in co-operative societies. Finally, from all this data an estimate can be made of the time required to lift the economic level of the people to a higher plane on which their welfare and prosperity will be assured. The amount of progress toward this goal possible in a single year can then be determined.

Finally we can decide in what section of the country to inaugurate the national economic plan, and also what particular economic project is to be the initial one. And so starting in this comparatively modest manner we can gradually extend the plan until it embraces the entire country. If in any particular project all available assets are not carefully estimated, it is difficult to achieve the goal, hence the importance of preparing the various data required in a meticulously accurate manner.

When the carefully prepared surveys reveal the fact that Siam still lacks certain essential types of

Inaugurate it a section at a time

Training skilled workers

skilled labour, we can take steps to supply that lack. It is obvious that we do lack certain classes of specialists. Perhaps at first we will have to hire foreigners to do the necessary work while we are training some of our own people to do it by establishing special training schools.

PART XI

SUCCESSFUL REALIZATION OF THE SIX-POINT PLATFORM

The administration of the economic system of the country by the government through co-operative societies will provide a means for the realization of the other aims embodied in the original platform of the People's Party in a manner far superior to anything possible under the present system of private enterprise.

CHAPTER I

Independence

a. *Independence in the courts.* There is no need to discuss here the body of legislation proposed by the government because at the time of this writing the formulation of these laws is almost completed.

b. *Independence in the field of economics.* When the government assumes all responsibility for the production of the necessities of life such as food, drink, etc., and regulates the fluctuation of prices so that it is no longer possible for individuals to raise and lower them at will, we will have attained some measure of economic independence. We will no longer be persecuted and oppressed by others in the field of economics. But just so long as the system of private enterprise is allowed to continue, just that long will we be unable to get out from under the yoke that lies so heavily upon us.

c. *Independence in politics.* When at last our



nation is well furnished with the necessities of life, food, drink, etc., we will then have the weapons necessary to protect ourselves; and can turn our attention to other such important matters as education. We can select and train better teachers. We can give the people more adequate instruction in matters pertaining to health, using for the accomplishment of these aims the same methods employed in administering the economic system. For this type of administration will make it possible to advance along many new lines.

And what foreign nation will care to oppose such a worthy programme of orderly progress as this? At present there is an almost universal fear of foreign intervention, and this fear is a deterrent to all forward looking endeavour. But when we show that we are concerned only to set our own house to rights in accordance with the rights and privileges that are the prerogative of any free nation; when we keep our treaty agreements scrupulously; when we do not discriminate against citizens of foreign nations resident in Siam; when we continue to trade with such nations, buying from them manufactured articles like machinery which we cannot produce ourselves; what nation will care to attempt to tyrannize over us? However, if we are so paralysed by the fear of illegal foreign intervention, even when we know we are acting within our rights, I suppose we will have to remain supine, attempting nothing new. But, when we recently effected a change in the form of government, did we not at first fear foreign intervention? And our fears proved to be groundless. The nations whom we had feared proved well-intentioned enough. They were members of the League of Nations, like ourselves. And although the League today has many critics who say that it has proved ineffective, the fact remains that it has been able to adjudicate some international disagreements in a manner never before known. Take for example the case of the English oil company

and the Persian government. Persia is a country with an area and population not unlike our own. Its state of advancement approximates ours. Why was it then that when the Persian government revoked the leases previously granted to the English company that England did not step in and use force to settle the issue in their favour? I believe that it was because they were honourable enough to bring the case to the court of the League of Nations rather than to resort to a display of arms. When our purpose is not to discriminate against or oppress foreign nationals, but rather to advance the progress of our own nation, what reason is there to believe that foreign countries will try to interfere with us?

CHAPTER 2 *Internal Order*

I gave a lecture at the Teacher's Association in B.E. 2471 (A.D. 1928) in which I showed that crimes are committed for two reasons:

1. Either because the nature of the criminal predisposes him to crime,
2. Or because economic pressure drives otherwise honest citizens to theft, burglary, armed robbery, etc. Now when the government guarantees the prosperity of its citizens by undertaking to provide them with adequate food, clothing, and shelter, this second type of crime will largely disappear, leaving only such crimes as arise out of the nature of the criminal. The cure for such will have to be found in training and education. Here, too, the economic security of educators and teachers should render their training and teaching more efficacious than before.

CHAPTER 3 *Economics*

The People's Party announced that the government would undertake to guarantee the economic welfare



of the people by providing remunerative employment for everyone, promulgating a national economic plan designed to terminate poverty. This ideal can now be realized and need not any longer be a source of dissatisfaction. At present there is a great deal of misunderstanding concerning it, because the government has not as yet attempted to do anything about it. But this is only because we have failed to advance in accordance with my plan. When my plan has been adopted—whereby the government administers the entire economic system—there will inevitably be remunerative employment for everyone because all of the people will become government employees. And even if they are children, are sick, are crippled, are old, they will receive salary. There will be no more poverty and want because the lowest wage paid by the government will be sufficient to provide food, clothing, and shelter, in accordance with the needs of the people.

CHAPTER 4

Equality of Rights

The plan will bring about the equality of all the people, not a paper equality but actual equality of opportunity by which all can become employees of the government. Regardless of whether they serve in administrative work or as labourers on some economic project, they have equality in their mutual freedom from poverty. Not equality, of course, in the sense that if one person possesses *baht* one hundred when the plan goes into operation, his *baht* one hundred will be expropriated and divided equally among a hundred people. Some of Siam's intelligentsia who advocate the social philosophy of communism believe that we should attempt something of that sort. But personally I hate this communism of Siam's intelligentsia, and have no intention of advocating the expropriation and redistribution of wealth.

CHAPTER 5

Liberty

Persons who examine this policy superficially will claim that, when all the people are employees of a government which administers the entire economic system, there will be less personal freedom than there is now. And it is true, that there will be less freedom of a sort, but the loss in personal liberty will be more than compensated for by the general increase in the happiness and prosperity of the people as a whole, as guaranteed by the third point in the platform of the People's Party. The government will not interfere with personal liberty in any other way. The people will continue to enjoy freedom of speech, of person, of home, of wealth, of education, and of assembly. When the people are secure within the framework of this economic system, they will at last know true physical well-being. Do you think that they will prefer personal liberty secured at the cost of starvation? It seems hardly possible. Under the present system they are certainly not free from the necessity to work. With the exception of those social parasites who derive their sustenance from the labours of others, all the people of this country work, and work hard for a living. Complete personal liberty is not possible under any social system. Such liberty is always limited by the good of society. That is why the programme of the People's Party said specifically that personal liberty was to be defined in terms which did not interfere with the principle of equality set forth in point four of the platform, as previously stated.

CHAPTER 6

Education

The plan provides that the people are to receive the most complete education possible. When a new era of prosperity has come as a result of the new order, the people of this nation will be able to devote themselves to

the pursuit of education in a manner not possible while their chief concern had to be for the conservation of their wealth. Even citizens who are between the ages of twenty and fifty-five, adults in other words, can be required under the new order to continue their education. And one of the provisions of this plan is that all employees of the government should be required to study. Anything of the sort would be impossible under the present system of private enterprise.

Conclusion

When the administration of the economic system by the government shall have brought about the final consummation of the aims set forth by the People's Party in their *six-point platform*, that state of prosperity and felicity which is the laudable desire of every heart and which, in classical language, is called *Sriaraya*¹ will have dawned. Shall we, who have opened the door of opportunity to the people, now hem and haw and fumble and hesitate to lead them on to the place where they can gather the fruits of the tree of life?² There at last they will be able to feast on its fruits of happiness and prosperity in fulfillment of the Buddhist prophecy to be found in the story of the religion of Araya Mettaya.³ According to this prophecy every act of devotion on the part of faithful followers of religion brings that golden age a little nearer. It is a common saying among the people that an oath made in court and honourably kept, in other words true witnessing, brings us closer to the age of Araya Mettaya. Religious ceremonies properly observed and in fact all acts of honesty and integrity likewise bring nearer the dawn of that era. In this plan we have a system by which we can press forward to this golden age. And

¹ *Utopia*.

² Thon Kanlaphaphru'ksa, in Pali Kalpa-vriksha, or one of the five trees found in Swarga or the lower heaven to which mortals may attain.

³ The last Buddha and the one next to come.

yet there are some people who hesitate, who draw back so violently that one would suppose they contemplated a return to the age of unenlightenment of 2,475 years ago when Buddha had not yet come.

B.

FIRST DRAFT—SOCIAL INSURANCE ACT (Assurance Sociale)

By the King's Most Excellent Majesty,

Section 1.—This Act shall be called "The Social Insurance Act of B.E. 2475." [A.D. 1932—*Trans.*]

Section 2.—It shall come into force from the day of publication in the Government Gazette.

PART I

SALARIES AND PENSIONS FOR CITIZENS

Section 3.—From the day that the National Economic Plan is promulgated every Siamese citizen resident in Siam shall be entitled to receive regular income from the government or from one of the co-operative societies in an amount to be determined by law according to the following graduated schedule:¹

1. Persons less than one year of age, per month — Baht
2. Persons from one to five years of age, per month — Baht
3. Persons from six to ten years of age, per month — Baht
4. Persons from eleven to fifteen years of age, per month — Baht
5. Persons from sixteen to eighteen years of age, per month — Baht

¹ The minimum schedule shall be adequate for food, clothing, shelter, etc.

6. Persons from eighteen to fifty-five years of age, per month — *Baht*
7. Persons more than fifty-five years of age, per month . . . — *Baht*

Section 4.—Citizens with special education, abilities, or powers shall receive higher salaries commensurate with their education, abilities, or powers, and with the type of work to be done, in accordance with the following schedule:²

<i>Grade</i>	<i>Baht</i>
1	80
2	90
3	100
4	110
5	120
6	130
7	140
8	150
9	160
10	170
11	180
12	190
13	200
14	220
15	240
16	260
17	280
18	300
19	320
20	350
21	400
22	450
23	500
24	550
25	600
26	650
27	700

2 This schedule is to replace the recently enacted law by which salaries of officials are determined.



Grade	Baht
28	800
29	900
30	1,000

Section 5.—In addition to stated salaries, officials and other employees of the government shall be eligible for bonuses from any profits derived from their work, in amounts to be determined by the government or co-operative societies.³

Section 6.—Officials and other employees receiving salaries above the minimum schedule shall,⁴ upon retirement, receive pensions proportionately higher than those in the minimum schedule established in Section 3.

Section 7.—Salaries, bonuses, and pensions shall be increased when the government and the co-operative societies prosper.⁵

PART II

EMPLOYMENT

Section 8.—All citizens from eighteen to fifty-five years of age shall enter government service, and shall be classified according to education, ability, strength, sex, and age as follows:

1. *Education.*—Educated persons shall be eligible for employment in occupations for which their education has prepared them. If any particular occupation becomes overcrowded, competitive examinations shall be established. Successful candidates in these examinations shall be entitled to available positions in the occupations for which they have applied.

- 3 Such bonuses are in line with a policy of allowing workers a share in the profits derived from their labours, and are called in France "Participation au benefice."
- 4 Salaries of officials and other employees naturally vary according to education and ability. Those who have been receiving higher salaries should also receive higher pensions.
- 5 This increase is obviously appropriate. When it becomes apparent that the administration of the economic system by the government has resulted in increased prosperity, salaries, bonuses, and pensions can be increased. Thus a twenty-five per cent increase will mean that a salary of *baht* 80 becomes *baht* 100, and a salary of *baht* 400 becomes *baht* 500.

2. *Special abilities.*—Persons with special abilities shall be eligible to the same treatment as that designated in paragraph one for educated persons.

3. *Strength.*—Persons lacking special education or abilities, or those who have been unsuccessful in competitive examinations, shall enter occupations suited to their strength and abilities.

4. *Sex.*—Light work such as that of caretaker, clerk, teacher, children's nurse, or purveyor of food and drink, shall generally be allotted to women except in special cases where it is necessary to employ men. But this provision shall not be construed to interfere with the right of women to compete for other positions for which their education and special abilities have prepared them.

5. *Age.*—Older persons shall have lighter work than younger persons. [by definition "older" means "over fifty" and "younger" means "between twenty-one and thirty-five."—*Trans.*]

Section 9.—Persons between the ages of eleven and eighteen and above the age of fifty-five shall not be required to work except under unusual circumstances as, for instance, when a shortage of labour precipitates an economic emergency. In the event of such an occurrence persons in this group may be conscripted for work commensurable with their strength, but they shall under no circumstances be overworked. Thus, if a shortage of labour arises during the harvest, or if insect pests threaten crops, persons of this group may be drafted temporarily.⁶

Section 10.—Persons in the following categories, whether within the working age limits or not, are exempt from work, and are entitled, with their minor children, to receive salaries as usual:

1. Pregnant women.⁷
2. People in ill health.⁷
3. Cripples.⁸
4. University students and other students of advanced standing

6. Some countries have laws which provide for the compulsory enlistment of citizens in the fight on insects and pests. In our own country occasions may arise in which the available machinery is not adequate to take care of the harvest, and the grain is in danger of being left standing in the fields. On such occasions it might be necessary to enlist the assistance of this category of people insofar as they are able to help.

7. According to the Social Insurance Act this class of persons shall receive pensions.

8. This provision is included in order that only skilled and able-bodied persons shall be employed in the crafts and trades.



who have successfully passed competitive examinations for entrance into the university or other schools of advanced standing.

5. Persons who have been in government service long enough to be entitled to pensions.

Section 11.—Persons in the following categories are exempt from government service and are not entitled to salaries for their children as long as they are not employed by the government:⁹

1. Persons who can show proof that they are in the possession of adequate capital or assured income to support themselves.

2. Persons who engage in private professions and who can show proof that their professions yield adequate income for themselves and their dependents, such as: doctors, lawyers, artisans, authors; and in addition persons who have government permits to engage in trade, manufacturing, and certain kinds of agriculture.

PART III

METHOD OF PAYING SALARIES

Section 12.—The government or one of the co-operative societies shall issue salaries to the people in one of the following ways:

1. Salaries shall be issued in the form of cash in the amounts which the recipients are entitled to receive according to the salary schedule.

2. Salaries shall be issued as cheques against the national bank in the amounts to which the recipients are entitled according to the salary schedule after deductions (French: *compensation*) of the sums owed the government or co-operative societies for food, clothing, shelter, and the other necessities of life have been made. The balance, if any, may be deposited with the national bank, or may be used for the purchase of government bonds or co-operative society stocks, or may be withdrawn and spent as the individual concerned desires.

9 This exception is made in order that the well-to-do, and others who do not wish to enter government employ, may have an opportunity of making a living in their own way, if they are able to do so.

PART IV

FOREIGN GOVERNMENT EMPLOYEES

Section 13.—The government may employ foreign specialists, who shall enjoy those rights and privileges specified in their contracts.

PART V

BEHAVIOUR OF GOVERNMENT EMPLOYEES

Section 14.—All government employees, whether in positions of authority or common labourers, shall be required to work to the limits of their strength and capacity. Indolent persons shall be punished by having their salaries cut, or the hours of their employment increased, or in some other manner to be decided upon as the occasion demands.

Published on the B.E.
being the year of the present
reign.

C.

**FIRST DRAFT—ECONOMIC
ADMINISTRATION ACT**

B.E.

By the King's Most Excellent Majesty,

Section 1.—This act shall be called "The Economic Administration Act of B.E. ..."

Section 2.—It shall come into force from the day of its publication in the Government Gazette.

Section 3.—From the day that the National Economic Policy is adopted, the government shall be empowered to administer the economic system, to wit all enterprise agricultural or industrial, inclusive of all forms of transportation and distribution, but exclusive of such concessions as the government has previously leased to private companies and individuals. Such lessees shall retain the right of private enterprise; for example, in the cases listed below:

1. Tin mines, timber companies, and public utilities for which the government has previously issued leases or licenses.¹

2. Privately owned factories, previously established, which shall be permitted to continue to operate under licenses to be issued by the government.

3. Establishments of foreign merchants from countries with

1 This provision is included in order not to summarily undermine the means of livelihood of private individuals.

which Siam has special treaty arrangements.²

4. Other enterprises commercial, industrial, or agricultural for which private companies or individuals have received specific permits³ or licenses; when it has been demonstrated in a manner satisfactory to the government that these independent businesses are capable of affording an adequate livelihood, and do not violate other acts of the government which relate to the National Economic Policy.

PART I

PURCHASE OF LAND⁴

Section 4.—The government shall be empowered to buy all lands except those required for private dwellings and those which have been granted or leased to citizens for use in private enterprises.

All unoccupied or undeveloped areas for which there exists at present neither claimants nor deeds shall cease to be available except through leases issued by the government.

Section 5.—The value of the land shall be determined by a committee of three persons, one of whom shall be appointed by the landowner, one by the government, and the third, who shall have the deciding vote, by the two others conjointly. The price of the land shall in no case exceed its assessed value as of June 24th, 1932.

Section 6.—Payment for the land shall be made to the owner, according to the amount so determined, either in cash or in bonds. In the event that payment is made in bonds, the rate of interest to be paid on such notes shall be at the prevailing bank rate on the day of sale; but shall in no case exceed fifteen per cent, the maximum legal rate.

2 This provision is included in order not to be unduly oppressive to the business enterprises of foreigners.

3 In order to allow persons who are not desirous of becoming government employees a means of livelihood.

4 The condemnation of land already exists in the case of railroads, motor roads, etc., which constitute public benefits. In this law we construe the administration of the economic order by the government to constitute a like public benefit; inasmuch as the failure of the government to so undertake will be inimical to the best interests of, its citizens.

The holder of such a note shall in addition have the right to receive a dividend from the profits of the co-operative society which derives its income from his land, in amounts to be determined by the government.

PART II

CAPITAL FUNDS AND CREDIT

Section 7.—The government shall establish a capital fund and credit from the following sources:

1. Inheritance taxes.⁵
2. Income taxes.
3. Indirect taxes on tobacco,⁶ matches,⁶ salt,⁷ etc.

4. Registration fees to be collected in return for personal licenses issued to gamblers who wish to continue to play.⁸ They shall be required to pay the fee in instalments on a scale graded according to the type of gambling in which they desire to indulge. It shall be illegal to register and license persons who have not yet learned to gamble at the time that

5 The collection of inheritance taxes is not inspired by jealousy of the rich. It is justified by the fact that the rich have accumulated their fortunes through the combined efforts of many people from whose labours profits have accrued to them either directly or indirectly. The collection of inheritance taxes should be made proportionate to the size of the estate, very large estates paying a super-tax, and smaller estates paying less. Such a distinction is desirable in order that inheritance taxes shall not be unduly oppressive to any of the propertied class.

6 A tax on tobacco and matches enabled France to pay off her 1870 indemnity to Germany expeditiously, with the result that the standing and value of the franc rose. Now suppose that in our own country one million people smoke, and suppose that we collect a one *stang* tax per day per person—a tax so light as to be hardly felt—we should increase our yearly income by three million *baht*. But the establishment of the monopoly, which would be a prerequisite for the collection of such a tax, would involve some adjustment of our treaties with other countries. It might be simpler, therefore, to collect a tax on shops selling tobacco and on factories preparing it for sale, being careful not to cripple the trade in the home-grown product, which must meet competition from imported tobaccos.

7 It should be possible to collect an indirect tax on salt by some such measure as having the government purchase the salt from the salt farmers at a stipulated price for re-sale either direct or through a dealer who is guaranteed a monopoly. Suppose that by so doing the government collects one-tenth of one *stang* per day from each citizen: the yearly total would exceed three million *baht*.

this Act is promulgated.

In addition to the fee for a license, a permit to play shall be required in each instance in which there is to be gambling.

5. Bond issues floated within the country, which well-to-do people would purchase.⁹ The government would secure such bonds either with its factories or specie reserves.

6. Lotteries.¹⁰

7. Loans from the national bank.¹¹

8. Loans from foreign nations.

■ The most persistent efforts to prevent people who are accustomed to gambling from so doing are doomed to be futile, inasmuch as such persons will, if necessary, contrive some means of playing in secret. That being the case, effort should be concentrated on developing some system whereby the next generation will be prevented from learning to play. Experienced gamblers should be allowed to continue to play, but should be required to register in much the same way as opium smokers are required to do at present. The fee for such registration could be collected in instalments of, say, one *baht* each; in a year four such instalments. Suppose that there are one million gamblers in this country, in a year the amount which they would pay for fees would amount to approximately four million *baht*. An additional tax could be collected for permits to be issued on each occasion when there was to be gambling. In every Tambol there are, on an average, at least two games a day. There are 5,000 Tambols in Siam. Thus there would be 10,000 permits issued daily. If a permit costs five *baht*, the daily income from this source would be 50,000 *baht*. The yearly total would be about 18,000,000 *baht*. The hours in which gambling is to be permitted should be revised in order not to interfere with the working day. The original schedule permitted gambling from noon to 2 a.m., but this is not practicable. Rightly the time in which gambling is to be permitted should be limited to the hours between 16 and 22 o'clock. [4 p.m. to 10 p.m.—Trans.] Outside of this time gambling should be prohibited to prevent waste of time and energy.

9. The intent of this provision is to conserve the resources of the wealthy and not to destroy the propertied class.

10. Although a lottery is a form of gambling, since it depends upon luck, the gambler risks little. If there were thirty lotteries a year with tickets issued in each to the amount of one million *baht*, the share reserved for the government would amount to many millions. Some thin-skinned Siamese are afraid that, if we establish state lotteries, we shall be accused of encouraging our citizens to gamble. But let us examine the French system of national credit. When France needed capital to rebuild cities destroyed in the World War, she floated loans secured by proceeds to be derived from lotteries. In England horse racing is very popular, and gambling on the horses yields a large income to the government by way of tax. We have no desire here in Siam to go to such extremes. We wish only to hold state lotteries in which people risk a little with the hope of receiving much.

11. The national bank should be of substantial assistance to the government because money in the provincial treasuries, largely taxes derived from duties and royalties, would be put into circulation through it. The residue of salaries deposited by government employees in the branch banks would likewise pass into circulation. In addition there are other ways by which the government could borrow from the national bank.



9. Credit from foreign companies willing to sell their products of us on the instalment plan.

PART III

NATIONAL BANK

Section 8.—The government shall establish a national bank, the original capital to be supplied from government reserves and money loaned by private citizens. The national bank shall transact business in the same manner as any other bank. It shall have the authority to issue bank notes, and for this purpose the Currency Department of the Ministry of Finance shall be transferred to it. The various provincial treasuries shall become branches of the national bank.

Section 9.—It shall be the duty of the national bank, according to its resources, to lend the government money as need arises.

PART IV

NATIONAL ECONOMIC POLICY¹²

Section 10.—A council shall be created with authority to draw up a national economic policy by which all productive activity shall be divided into several major departments as follows: agriculture, industry, distribution (transportation, commerce, and communications) and the building trades (to build houses for all the people of this nation). These large fields of endeavour shall be further sub-divided into diversified co-operative societies.

Section 11.—The National Economic Policy shall establish objectives defining what it is estimated can be accomplished by the government year by year; and shall provide for weekly bulletins designed to keep the citizens informed of progress.

12 Furthermore our system of government will have to be adjusted to co-ordinate with the National Economic Policy.

Section 12.—After the National Economic Policy has come into force, if need arises for revision either because the government cannot secure adequate capital or labour, or because the government has an over-supply of capital and labour, the National Economic Council shall be empowered to convene and to make such revision as is necessary. Such revisions shall consequently be published to the people at large.

Section 13.—Whenever the National Economic Policy is to be introduced into any particular section of the country it shall come into effect clause by clause with adequate explanation of its implications to land, capital, and the duties of government officials, skilled labourers, common labourers, and experts.

PART V

RIGHTS AND PRIVILEGES OF CITIZENS

Section 14.—Every citizen shall be entitled to retain his right to all personal property which he has accumulated.

Section 15.—Inventors of articles having commercial value shall be entitled to patents on such articles (France: Brevet d'Invention). The inventor may secure a license to manufacture his own invention, may sell it to the government, or may manufacture it in partnership with the government.

Published on the

D.

**MINUTES OF A MEETING
OF A COMMITTEE TO CONSIDER
A NATIONAL ECONOMIC POLICY
AT PARUSKAVAN PALACE**

MARCH 12TH, 1933

MEMBERS ATTENDING

Luang Gahakarm Bodi [Secretary of the People's Assembly]
Luang Dej Sahakorn [Member of People's Assembly]
Luang Dejatiwongs Vararatana [Member of People's Assembly]
Phya Song Suradej [Member of the State Council]
Nai Thavi Bunyaketu [Member of People's Assembly]
Nai Nab Baholyodhin [Member of State Council]
Luang Pradist Manudharm [Member of State Council]
Nai Prayoon Pamon Montri [Member of State Council]
Phya Manopakorn Nitithada [President of the State Council]
Phya Rajawangsan [Minister of Defence and member of State
Council]
Nai Vilas Osathanond [Member of People's Assembly]
Phya Srivisar Vacha [Minister of Foreign Affairs and member of
State Council]
H.S.H. Prince Sakol Varavarn [Adviser to Ministry of Interior]
Luang Arthasarn Prasiddhi [Member of People's Assembly]

Luang Pradist Manudharm: Luang Pradist opened the meeting with the following statement: Before we take up the discussion here, let me say that the original revolutionary party held a special meeting in which this policy was considered. It was then forwarded to the State

Council for its consideration. The State Council appointed this committee to make a recommendation regarding the proposed policy. It is possible that the discussion here tonight may become heated. But since strong language is excusable when it is spontaneous it will be so considered here. The topic for discussion is related to the original six-point platform of the People's Party, and in particular to point three of that platform, which has three sub-headings dealing with the promotion of the economic welfare of the people: i.e. (1) that we shall not allow the people to want; (2) shall provide remunerative employment for everyone; (3) and shall establish a national economic policy to guarantee that the people shall not want. Thus we must raise the general standard of living and provide such employment for everyone as we ourselves enjoy. A detailed plan for the accomplishment of these aims is now before you in this booklet. We cannot hope to accomplish everything overnight but we can do our best. It is possible that the statistical information included in this booklet is not absolutely accurate, but it has been included to provide a temporary standard of comparison.

Let me say that this plan is not COMMUNISTIC! It is a combination of capitalism and socialism. Communists reading it would find much to criticize. For instance, they would object to our providing for the continuance of a propertied class. I have already remarked that the figures are included merely for comparison. Our duty here is to decide whether or not this policy should be adopted. When it has been accepted by the government, experts can be called in to work out accurate and detailed statistics.

Nai Thavi Bunyaketu: In considering the first draft of this economic policy, I wish to second the remarks of Luang Pradist so that we may have a definite basis for discussion. If we read the draft superficially, or are prejudiced by our adherence to some other economic theory, we may conclude immediately that this policy is communistic or socialistic. But, if we examine in detail the actual methods which are suggested in the plan before us, we will see, first of all, that it does not expropriate property, that is deprive the people of their wealth in order to divide it up into equal shares for redistribution. It does not make women common property. It does not command or compel all of the people to work in co-operative associations. It does not reduce them to slavery through conscription. How, then, can anyone conclude that the methods of this



policy are communistic or socialistic?

The purpose of the government, as defined in this plan, is to provide social insurance for all people of all classes through their co-operative efforts under the direction of co-operative societies. However, it is not necessary that all of the people become employees of such societies, as would be the case if the system of private enterprise was summarily discontinued. Those who have ability and wealth enough to make an independent living may continue to do so, in fact should do so. Only those who need the help of the government will be assisted: the poor, the unemployed, the homeless, and the unfortunate. We do not intend to interfere with the activities of the well-to-do class, as has been the case in some other countries. But if the poor receive no help from the government, who is to help them? And if they are not helped the result will be disaster: for the moral excellence of our people will be lowered, and sedition will rear its ugly head in this nation.

There is no slightest danger that the societies will not be able to secure sufficient workers, inasmuch as the number of the unemployed is at present very large. If we can guarantee such persons prosperity, do you think they will not want it? Who is there that does not desire wealth? Who is there that prefers to starve?

Now as to the question of procedure—to state the matter simply: co-operative societies are in no way different from the stores, companies, and corporations which we already have. Why then should the government which has built railroad, established electricity plants, organized water companies, and gone into the business of distilling spirits, be unwilling to permit the establishment of co-operative societies? For in addition to helping the needy peasants, such societies develop the country and increase the prosperity of the nation. Such are the fruits yielded by co-operative societies.

In brief, the method of procedure outlined in this policy is: the government will buy the fields from the owners, making payment with bonds which will yield equitable interest. The reason for wanting such a large tract of land in one great continuous stretch is to facilitate the administration, and the cultivation, such as the ploughing, harrowing, and irrigating. When the co-operative societies have acquired all the land that they need for their purposes, they will then advertise for workers, or, as Luang Pradist calls them, government employees, who are to be drawn

from those classes of persons in need of government aid, who have no way of making a satisfactory living, in other words, the depressed classes. People of means and others who do not wish to work for the societies may continue to earn their living as they please, if they are able to do so. They will not be forced to work for the societies.

I fail to see that it is a crime to compel the hungry to be fed, to compel the homeless to be sheltered, to compel the unfortunate to become prosperous. Let us remember that Phya Ratsda (Sim Bee) used his authority to compel the people under his jurisdiction in his southern province to prosper, with such excellent results that they still recall him with gratitude.

Furthermore, for a co-operative society to accept members is the same as if that society hired people to work for a monthly or yearly salary. And in addition to their salary they are entitled to a share in the profits of the society as well. This arrangement is similar to that of the organization of any large company or corporation.

The salary scale of the co-operative societies may well be established in some such way as the following: determine the working strength and ability of an individual who is weak, indolent, and stupid, in order to see how long it takes him to do a typical piece of work for the society, and from this minimum establish a basic wage. Care should be taken to ensure the fact that such a person receives an income from his labours adequate for the support of life, namely for the purchase of food, clothing, etc. When the minimum wage has been established, we need waste no time supervising the work of such people. Good workers, on the other hand, will be able to complete their tasks quickly; and will have an advantage in that they can employ their leisure time in recreation or in doing extra work for the society, in order to supplement their basic income. In this way good workers will be encouraged to do their best. The products of the workers will belong to the society and the society will market them. All money in excess of wages will be divided into several classifications: a portion will be reserved for hard times, a portion will be used to improve the social life of the members, and a portion will be divided as bonuses among the workers.

There will be no need to use much actual currency in the payment of monthly and yearly wages if careful thought is given to the subject. Wages may be balanced by a method of compensation and circulation

according to which the society will require its members to buy from the society's store at reasonable prices. This policy cannot be anything but a success. And its success will bring happiness and economic prosperity to the poor peasants of Siam.

Phya Rajawangsan: In so far as I have read the booklet setting forth this policy it seems to describe an ideal to which I subscribe. But the working out of that ideal is another matter, and much attention will have to be paid to details. The working principle of both the old government and the new, although never so called, is actually socialistic. As it should be, because our capitalists are for the most part foreigners. So I do not disagree with the principle involved. But it is my opinion that we still lack a practical means for implementing this ideal.

Luang Pradist Manudharm: My policy includes points selected from many economic theories, which I have co-ordinated and adapted to fit the needs of Siam. One of my basic principles is borrowed from the solidarists, not the communists. It holds that all men are debtors and creditors to each other; and, thus, people are poor because society makes them so. For example, weavers who use hand looms cannot compete with power looms and as a result are deprived of their livelihood. Conversely, people now rich are so not because of their own efforts alone. For example, a certain individual in Bangkok owns a valuable piece of land on which are fine buildings. Originally his land was of little value, but the increasing density of the population around it raised land values and as a result his land increased in value through no effort on his own part. By the very nature of things people are inter-dependent. Accordingly we ought to co-operate in a united effort to ward off possible misfortune and to advance the economic welfare of the people.

H.S.H. Prince Sakol Varavarn: Of course there are very few great landowners in Siam.

Luang Pradist Manudharm: We may compare our Siamese people to children. The government will have to urge them forward by means of authority applied directly or indirectly to get them to co-operate in any kind of economic endeavour. If we continue to go along in the old paths, our revolutionary change of government will have accomplished nothing of value because we will not have attained our most important objective, which was to correct the grievances of the people. The plan which we are to use should rest on the best scientific knowledge of our day, on a

well co-ordinated policy, and on a definite method of procedure. Socialism is a scientific system. I agree with Prince Varnvaidyakarn that the present change in government is no mere *coup d'etat*, but is indeed a *revolution* in the economic system; it is not merely a change politically from one king to many.

Phya Rajawangsan: Luang Pradist's policy seems to embody no single economic theory so I should like to know what principle he holds as fundamental?

Luang Pradist Manudharm: I hold no single principle as basic. I have borrowed from many sources.

Phya Rajawangsan: It will probably take too much time to discuss socialism as a whole. But let us divide the subject and speak of state-socialism as compared to communism. I personally would advocate the economic philosophy of Charles Gide, that is, a system of co-operative associations.

Phya Song Suradej: I should like to hear the opinions of a number of people, particularly that of Phya Manopakorn.

Phya Manopakorn Nitithada: I will reserve my remarks until later.

Luang Pradist Manudharm: There are many details such as those concerned with the national bank which we will want to discuss. But before we get to them we ought to accept the policy in principle. My policy follows the socialist pattern with an admixture of liberalism.

H.S.H. Prince Sakol Varavarn: According to this outline it would appear as though the author has based his thesis upon the economic theory known as *Surplus-Value*. That is, the hypothesis that the farmer himself is not the beneficiary of the bulk or the profits derived from his land. Personally I do not believe that this applies in Siam. As for saying that the Siamese people are poor: Dr. Zimmerman concluded from his survey that the Siamese are twice as well off as the Indians or the Chinese. *Surplus-Value* in the northern districts usually remains in the hands of the people themselves.

Luang Pradist Manudharm: My land theory was not derived from the *Surplus-Value* theory of Karl Marx, but from the known fact that there is a great waste of Siamese labour every year. The problem is how best to employ this labour to the utmost. And we may as well say that it is better to live like savages (Primitive) as to say that the Indians

and Chinese are worse off than we are. And perhaps that is not such a bad thing after all. If we can turn back time and persuade people to want nothing more than a bit of cloth to cover part of the body as savages do. At present we are a good deal better off than any jungle people. Of course if we return to savagery, we will not have to do very much work. But the question is: are the people generally willing to go back to savagery? Nowadays people the world over have reciprocal relations. What we ought to do is not to compare our state of advance to that of people less fortunate than ourselves but rather to that of the people of a civilized nation in order to see how far we still lag behind. And then we ought to make every effort to equal them.

H.S.H. Prince Sakol Varavarn: I am interested in the subject of the surplus time of workers in the various occupations. Even though it is true that they have some six months of leisure at present, is it not a good thing to allow them plenty of rest and recreation?

Luang Pradist Manudharm: If we are going to discuss the things that contribute to individual happiness, then the less we make people work the better they will like it. And we may as well let them all return to the jungle where they will have nothing at all to do. But if we are concerned here with the development of the nation then excess leisure time is undesirable because it will eventually result in the progressive invasion of our national economic system by outsiders.

H.S.H. Prince Sakol Varavarn: You do not admit then that leisure time is desirable?

Luang Pradist Manudharm: No, I do not admit that it is. Because with so much time wasted we cannot hope to come abreast of foreign nations.

H.S.H. Prince Sakol Varavarn: I should like to suggest a compromise scheme which allows for co-operation with capitalists.

Luang Pradist Manudharm: The principles of my economic policy do not interfere with capitalism, which will continue to exist within the framework of the new system. We must have capital and we shall have to depend upon the wealthy here and abroad to supply it.

H.S.H. Prince Sakol Varavarn: The outline which we have been reading here does not seem to contain enough material to form a basis for judgment. You ought to explain your policy step by step.

Luang Pradist Manudharm: This is merely a rough outline

submitted to you in order that you may approve the policy in principle. When it has been approved, we will have to call in experts to work out the details.

H.S.H. Prince Sakol Varavarn: I personally am well satisfied with the findings of Dr. Zimmerman. I should think we could go along as he suggests, step by step, undertaking one thing at a time.

Luang Pradist Manudharm: I did not grow up in the city like you Bangkokians and I know from long residence in the country what the farmers have had to endure in the way of hardships and poverty. Many of my friends in the provinces are very poor. Dr. Zimmerman has never lived the life of a poor peasant in Siam. How can anyone who has not lived in it hope to appreciate such poverty. Wherever a survey is to be made local officials primp and powder and give receptions. Even Bangkok government officials who go out into the provinces fail to grasp the true situation since they continue to live comfortably, and need never endure the hardships which are the lot of the peasants.

H.S.H. Prince Sakol Varavarn: Whether a way of life appears primitive to the liver or not depends upon what he has been used to. If he has always lived in a certain manner without ever knowing anything different, he does not realize that any hardship is involved in his mode of life. So, regardless of whether our people are to be considered primitive or not, I attach the greatest importance to respect for their legal rights and privileges.

Luang Pradist Manudharm: In this policy we do respect the rights and privileges of the people. For instance, we do not interfere with the right of ownership of private dwellings, except in exceptional cases. The reason for wishing to nationalize the land is that one great tract will be easier to administer and to cultivate with machinery in a scientific manner. Anything of this sort would be difficult to accomplish as long as the land remains split up into tiny sections as now.

H.S.H. Prince Sakol Varavarn: We all know, of course, that the fields are at present divided up into small sections. At Supanburi, for instance, nobody is quite sure where his land begins and ends because it has never been surveyed. The important question is, though, how the nationalization of the land is to be accomplished.

Luang Pradist Manudharm: Questions of detail should be left for later discussion. As things are now it is obvious of course that the

land is divided up into small sections. If they were all to be united under one central system of control, scientific methods could be employed which would produce better results. How can this be accomplished? Luang Dej Sahakorn was asked this very question before the change in government took place. He recommended the expropriation of property. Now personally I prefer a more moderate method by which the land will be purchased with bonds.

If any of you wish to discuss any of the principles involved now is the time to do so. Let us reserve discussions of detail until later.

H.S.H. Prince Sakol Varavarn: I approve of the principle of nationalizing land and labour for agricultural purposes.

Phya Srivisar Vacha: I do not agree that principles are important and details unimportant. We must examine the details. Every phase of the problem is vitally important.

H.S.H. Prince Sakol Varavarn: Referring again to the principle which I mentioned a moment ago, I think no one will disagree with it. In nationalizing the land we can rest upon the old idea that all of the land of Siam belongs to the crown.

Luang Pradist Manudharm: That is important point because it makes clear the fact that in a sense the land already belongs to the government.

H.S.H. Prince Sakol Varavarn: The proposal about the land should be considered separately.

Phya Manopakorn Nitithada: This proposal concerns only agricultural lands does it not?

Luang Pradist Manudharm: That is only one part of it.

Phya Manopakorn Nitithada: In that case of just what does this proposal actually consist?

Luang Pradist Manudharm: There will continue to be both government and private enterprise. The government will not undertake to administer everything. Thus in certain lines of work such as tin mining, concessions will be granted as heretofore to private industry. And there is no need to fear that the owners of the land will not be satisfied. A law condemning land for sale will be invoked only when, as now, the government needs land which the owners refuse to sell or which they hold for an exorbitant price.

H.S.H. Prince Sakol Varavarn: I agree that we should nationalize

the land outside the cities for agricultural purposes. I also feel that we should nationalize all of the land in the cities for industrial and residential purposes. We should draw up a plan by which the areas reserved for industry and those reserved for agriculture are clearly defined. I agree that that it is wasteful to have the land divided into small sections. We should bring these sections together into an ordered system of land control.

Luang Dej Sahakorn: The most important question is, what method is to be used for bringing these small holdings together into a unified system. I agree in principle with the idea of so doing. This principle is vitally important. But we must examine very closely every clause of the suggested plan to see how we can best approach this ideal. This plan goes so far as to involve the government in the business of buying and selling. What repercussions if any will there be abroad? As you know, our trade is now largely in the hands of foreigners.

Luang Pradist Manudharm: Foreign nations are very well pleased with the fact that we do not engage in trade to any great extent. I agree with you there. But, if we do enter into trade, how can they object?

H.S.H. Prince Sakol Varavarn: At first we shall have to continue to share our trade with foreign nations, but later we shall gradually be able to encompass our objective. Progress toward our goal, in effect the government in business, can be accomplished either by having the government assume control of certain businesses or by having it purchase shares as it has done in the case of electricity companies.

Phya Srivisar Vacha: When the government is in control how does it then intend to proceed?

Luang Dej Sahakorn: Our plan is to proceed cautiously a step at a time.

Luang Pradist Manudharm: Quite right. That is the way we shall have to proceed. We will attempt to open diplomatic conversations with the foreign nations concerned. If no progress can be made in this way other methods will have to be employed.

Phya Manopakorn Nitithada: What is your opinion Luang Gahakarm Bodi?

Luang Gahakarm Bodi: In economic affairs we ought to follow the advice of Luang Pradist. If we do not, the middleman will continue to reap all of the profits as he does at present. So far as I can see there is



no other way to get around this.

Phya Rajawangsan: There are many ways to cut out the middle-man. Co-operative stores would do that.

Luang Pradist Manudharm: Co-operative stores are all right in other countries but the system would not work here. Where would the peasants get money to buy from these stores? Even now they are over their heads in debt to the Chinese.

Phya Rajawangsan: As you please. I believe that we could work out the co-operative store plan. But let us leave it for the moment.

Luang Gahakarm Bodhi: What we really ought to do is to follow Luang Pradist's advice and set up a complete system of co-operative associations.

Phya Manopakorn Nitithada: What is your opinion Nai Vilas?

Nai Vilas Osathanond: I have given careful consideration to the various methods that have been used in the development of agricultural lands and I endorse the method suggested by Luang Pradist.

Phya Manopakorn Nitithada: What is your opinion Nai Nab?

Nai Nab Baholyodhin: I am in favour of Luang Pradist's policy, but think we should revise the salary schedule.

Luang Pradist Manudharm: The salary schedule is only an approximation. When the policy has been accepted it can be revised and corrected.

Phya Manopakorn Nitithada: What do you have to say on the subject Luang Dejā?

Luang Dejātiwongs Vararatana: I have very little knowledge of general economic problems, but I am familiar with the economic problems in the field of communications, for example those relating to the railroad system. The government invested two hundred million *baht* in its construction. If the government had allowed private competition and had not retained control of the traffic lines, the railroad would have gone bankrupt, like those in England, with the result that it would now be as dead as the English companies which have had to operate bus lines to meet competition from motor transport companies organized to compete with the railroad. The economic plan which is before us is a exactly parallel case. Therefore it seems to me that we ought to undertake to administer the whole economic system. Accordingly I concur in the opinions advanced by Luang Pradist.

Phya Srivisar Vacha: The government is the sole owner of the railroad of which Luang Dejā speaks: the railroad is comparatively easy to control. The case is not parallel to our present question.

Phya Manopakorn Nitithada: What is your opinion Luang Dej?

Luang Dej Sahakorn: My opinion will be conditioned on the way in which the details of procedure are to be worked out.

Phya Srivisar Vacha: I agree. And I want to ask Luang Pradist what his plans are in this connection?

Luang Pradist Manudharm: My basic plan is to nationalize land, labour, and capital and to go to work.

Phya Srivisar Vacha: If we approve of this policy in principle, then, we will have committed ourselves to approval of all of the details of procedure involved as well. Flatly, I will not agree to anything of this sort. What we really ought to do is to proceed more cautiously a step at a time. As I see it this policy is pure socialism.

H.S.H. Prince Sakol Varavarn: I have studied the plan in detail and I am very much in favour of Luang Pradist's ideas. But I do not agree that doctors should be allowed to enter private practice. I would like to see all doctors in government employ.

Phya Srivisar Vacha: Well, well. There we get into unimportant details again. I thought we were supposed to stick to general principles.

Luang Dejātiwongs Vararatana: But I think that the medical work is very important because it is equivalent to a kind of life insurance. There must be doctors in the workshops to look after the workers. And we are planning to give them social insurance as well which will guarantee them a means of livelihood and furnish them with clothes and find employment for their children as they grow up to replace their aging parents. The workers will be contented when they receive such all-around care. As I see it this is what Luang Pradist's plan amounts to.

Phya Manopakorn Nitithada: Is not Luang Pradist's plan actually equivalent to the nationalization of land, labour, and capital; consequent upon the accomplishment of which the government will, by securing additional capital, undertake to administer the whole economic system? Is not that substantially what we are being asked to announce?

Nai Nab Baholyodhin: If we announce anything we ought to publish the whole draft of the policy, but I think we ought to revise the salary scale first.

Luang Pradist Manudharm: If we were to publish only such a brief statement as Phya Manopakorn has made, the people would not know the details and so would misunderstand, with the inevitable result that there would be widespread and groundless adverse criticism.

Luang Dej Sahakorn: What method is to be used to accomplish the nationalization of the land?

Luang Pradist Manudharm: As you well know the nationalization of the land in other countries has been accomplished either by direct or indirect legislation. Thus in some cases the land tax has been greatly increased as a measure directed against people who have refused to co-operate voluntarily; but generally, we understand, the people have been willing to sell to the government.

Phya Manopakorn Nitithada: Then the heart of the matter is this, is it not? You plan to bring about the nationalization of the land either by forced sale or by voluntary sale, or by involuntary sale accomplished through indirect legislation. The government would then secure needed capital through increasing indirect taxes. Is there anything beyond that?

Nai Vilas Osathanond: The detailed methods to be used for raising capital are set forth in the policy.

Nai Thavi Bunyaketu: I have already read to you the detailed ways to be used in securing capital as listed in this policy; there were five or six of them.

Phya Manopakorn Nitithada: What exceptions on behalf of private industry are to be made in those fields of activity which the government does not propose to administer itself?

Luang Pradist Manudharm: In the policy, which has already been distributed to you, a number of exceptions are mentioned.

Phya Manopakorn Nitithada: Does your plan include a provision concerning the granting of salaries?

Luang Pradist Manudharm: That is the ultimate step. As a matter of fact when the policy is fully operative currency will become merely a token. Our responsibility is to guarantee the social security of the people.

Phya Manopakorn Nitithada: What do you think Phya Song?

Phya Song Suradej: It seems to me that it would take fifty to a hundred years to carry this plan out fully. Would it not be better to agree not to promulgate it? and just go ahead and do as much as we can? To put the matter plainly, the government would have to spend fabulous sums

of money merely to acquire the land, and twenty to thirty years from now the government would still not have been able to buy it all. Now as for the nationalization of labour, again we lack sufficient funds to pay the salaries required. So, our only hope would be that, when we had acquired all of the land, we could dominate the people by force, as we now dominate the Chinese, who have to do whatever we happen to want them to. Now Phya Prasert Songgram says that there is still much undeveloped land, and that there are also many unemployed. Perhaps we could help these poor people out by settling them on this land. But even such a comparatively simple plan as this could not be carried out very effectively. That being the case, my opinion is that we should certainly not promulgate this policy.

Luang Pradist Manudharm: To date the fait accompli of the change of government has not resulted in any evidence of our intention to better the economic status of the people. They are asking what we intend to do. In particular the Nationalist Party is waiting to find out. Secrecy foments suspicion and sometimes causes unfortunate results. Thus H. M. King Prajadhipok drew up a constitution for the people and sent it to Phya Srisar, but made no public announcement. As a result there was a revolution to effect a change in the government. If we publish this economic policy suspicions will be allayed. Therefore, I believe that we ought to publish the complete policy inclusive of the methods to be used and the steps to be taken. And then that we ought to issue weekly bulletins to show what progress is being made.

Phya Song Suradej: I earnestly request you not to publish it. Rather, let us just go ahead and do whatever we can.

H.S.H. Prince Sakol Varavarn: Are you ashamed of it, or what is the matter? Are you afraid to have it published? Personally I have long believed that publicity is an excellent thing in matters of this sort.

Phya Song Suradej: I feel that in this case publicity will prove unfortunate. For example, the publication of just the single clause dealing with the nationalization of the land will cause a panic.

Luang Pradist Manudharm: That would be true if our announcement were as brief as that. But if we were to publish a complete explanation of our purpose, and of our proposed method of procedure, step by step, I believe that the people would understand. Misunderstanding would arise only if we failed to prepare effective publicity.

Phya Song Suradej: How much understanding do eleven million people have?

H.S.H. Prince Sakol Varavarn: A publicity scheme has already been drawn up designed to acquaint the people by degrees with the principles involved in the policy, and so to circumvent possible misunderstandings. Then if we put the plan into operation a step at a time the people will come to understand it automatically. Furthermore, we will not need to be afraid of the reaction abroad because, if we are united among ourselves, I fail to see that there is any cause for alarm. And even if some of the older people do become panicky, it will not matter greatly.

Phya Song Suradej: I think that we should publish only as much as we can really accomplish in the next five or ten years, because the people are very apprehensive.

Luang Pradist Manudharm: The publication of a national economic policy is tantamount to implanting a nationalistic spirit which would result in a tremendous surge forward in the progress of the race.

Phya Song Suradej: But why is it not better to announce only those things that we can hope to accomplish in the next five or ten years? Because according to this policy it will take another two or three hundred years to work out the details. Look at the old government. It ruled for ■ hundred and fifty years without any economic policy. And I fail to see that the absence of ■ policy was in any way detrimental. I reiterate, we ought to publish only so much as we can hope to accomplish.

Phya Manopakorn Nitithada: And I assert confidently that in my lifetime this policy cannot be made completely operative.

H.S.H. Prince Sakol Varavarn: Chao Khun, you are too sure of yourself. At this very time the economic systems of European countries are becoming more and more liberal with the result that unrest is almost universal. Socialism will come increasingly to the fore.

Luang Pradist Manudharm: Prince Sakol is right. There are prophets to say that class war may break out any time that the economic situation changes for the worse and poverty becomes rampant. We should take steps at the outset to protect ourselves from such an eventuality. If we do not publish this policy *in toto* and if the Nationalist Party does decide to advocate a socialistic platform, we shall have lost out to them completely. But by making our plan public now, we shall obviate possible misunderstandings.

Phya Song Suradej: Well, then, suppose that we agree to publish the policy tentatively over the name of an individual such as Luang Pradist, and that we do not commit the government officially? How would that be?

Luang Pradist Manudharm: That would be even better. The people will then understand exactly how things are. Everywhere I go they come to me and complain that we are accomplishing nothing. I shall be glad to accept full responsibility for this announcement. And if they curse me, let them curse me.

Nai Vilas Osathanond: We should ask for some money for publicity.

Luang Pradist Manudharm: I already have money for publicity.

Phya Song Suradej: Good.

H.S.H. Prince Sakol Varavarn: We cannot publish the whole thing in its present form because people will not understand it at all.

Luang Pradist Manudharm: It will have to be revised and simplified, of course.

Phya Manopakorn Nitithada: As I understand it, the majority of this committee approves the economic policy of Luang Pradist, and my own opinion, therefore, is at variance with that of the majority. Now that leaves me in a very unfortunate position for two reasons: first, because I am not a student of economics as are most of you, and second, because, if this policy is promulgated, in my official capacity I shall have to accept full responsibility for the principles and methods of a system of which I do not personally approve. But I am a man of very strong convictions. On a number of occasions we in the government have felt sure that a certain course was the correct one, only to be proved wrong by subsequent events. In this present instance, I firmly believe that we cannot possibly hope to carry this plan through to a successful conclusion. Why? Because we lack experts, we lack reserve funds, we lack the confidence of the people at large. For I am convinced that this policy is unacceptable to the people. If, then, we publish it at a time when they do not have much confidence in us, the results will be disastrous. We must take public opinion into consideration, even gossip. We have just had a change in government. The people are still undecided as to just what they think about it. I have been accused by some people of being overly fearful of foreign intervention. And my point of view being what it is, I cannot



entirely deny this. Other people claim that I am trying to arrogate all authority to myself, with the consequence that gossip says that I am in favour of a return to the absolute monarchy. Please understand that my motives in coming here are sympathetic. But if I believe that the course decided upon here leads to ruin, I shall have to oppose it. And if it is carried over my head I shall have no recourse but to resign. But if we agree to announce merely that we are going to enlarge the credit facilities of the co-operative societies of the sort that are now serving the farmers, or that we are going to enlarge the co-operative society stores, I am willing to agree to that much. But if we publish the whole policy most people will not be able to grasp the implications of it at all. Even a small rumour can start a panic. We are in a position where both the French and the British can bring pressure to bear upon us. If they wish to take advantage of us, in the event of such an emergency, Phya Song will assure you, we will not be in a position to resist them. As I see it then, if this policy is published, the inevitable failure of the people to understand it will result in their wholehearted opposition. I cannot even hazard a guess as to how many hundreds of years it will be before such a policy as this one would be practicable. Perhaps the people of the millenium of the age of Ariya Mettaya (Phra Sriarya) can do something like this.

H.S.H. Prince Sakol Varavarn: I should like to call your attention to the fact that right now the capitalists are so poor that they would like to sell their land.

Phya Srivisar Vucha: That is only an opinion.

Luang Pradist Manudharm: That is not only an opinion. It is the truth.

Nai Thavi Bunyaketu: I was talking to a big landowner just the other day and he said that he would be glad to sell for just half-price.

Phya Manopakorn Nitithada: The possibility of the publication of this economic policy is already causing comment. Now listen for a moment to one of the things that is being said by people outside. They are saying that Luang Pradist is the actual power behind the present government and that Nai Sanguan and Nai Sim are his Moggallāna and Sāriputta [two Brahmins, early converts of Gautama Buddha and his inseparable and staunch friends and companions, who became known as his left and right hand disciples—Trans.], and that there is no dividing

them.

Luang Pradist Manudharm: As a matter of fact Sanguan and Sim are really your disciples. [In the sense that they had been his pupils—Trans.] If you will look in the registry of the Law School you will find that Sanguan graduated in B.E. 2469. And at that time I was not even teaching in the university. You were professor of the laws of inheritance.

Phya Manopakorn Nitithada: By rights, of course, they ought to have remained my disciples rather than yours.

Nai Vilas Osathanond: Only members of the party are aware of the fact that these two men are disciples of Luang Pradist. Outsiders do not have any idea that they are his personal agents. Or if they do, it is because insiders, who are intestinal parasites, have been spreading the idea. But actually there is nothing really wrong with these two except that people who hate them have been spreading gossip about them.

Phya Song Suradej: What constitutes the scheme that you said you were willing to have published, Phya Mano?

Phya Manopakorn Nitithada: Well, I would suggest that we enlarge the co-operative societies, extend credit, build silos, and decrease indebtedness. I would appoint Luang Dej and Prince Sakol to work out the details.

Luang Pradist Manudharm: What is the consensus of opinion of this committee in regard to the publication of my policy?

Phya Rajawangsan: I suggest that we plan to publish the entire policy, but that we do it a clause at a time, and in the meanwhile educate the people step by step so as not to alarm them.

Phya Song Suradej: I should like to see the committee agree to allow Luang Pradist to publish the policy over his own name. If the government decides to approve it, there can be an official announcement later. But in the event that the government does not approve of it and decides to substitute a policy of its own, Luang Pradist will not object will he?

Phya Manopakorn Nitithada: My previous statement was an expression of my own opinion. I do not know whether the government will agree with me or not. Members of the government who are now here are Phya Srivisar, Phya Song, Nai Nab, Luang Pradist, Nai Prayoon, Phya Rajawangsan, and myself.

Luang Pradist Manudharm: Actually, of course, your opinion

constitutes the opinion of the government.

Phya Rajawangsan: This meeting is not a meeting of the state councillors, is it?

Luang Pradist Manudharm: No, but most of us are state councillors.

Phya Manopakorn Nitithada: The consensus of opinion of this committee favours a trial of Luang Pradist's policy. Apparently I am the only one who dissents, or are there others?

Phya Srivisar Vacha: I have already said that if the committee accepts the policy in its entirety I will dissent, but if we divide it into sections and recommend selected portions of it, I will be agreeable.

Luang Pradist Manudharm: We are an official committee here and we shall have to reach some sort of a decision. Under the circumstances what would you have us do, *Phya Manopakorn*?

Phya Song Suradej: Let *Phya Mano* make a statement for the minutes.

Phya Manopakorn Nitithada: At this juncture I believe that all we should attempt to do is to enlarge the credit societies which are already in existence, etc.

Luang Pradist Manudharm: Will Luang Dej Sahakorn be so kind as to take *Phya Mano*'s statement for Luang Arthasarn as he is familiar with the subject?

Luang Dejatiwongs Vararatana: If we were to do that it would simply mean that the present government would be following in the footsteps of the previous government, would it not?

Luang Pradist Manudharm: I interpret *Phya Mano*'s opinion to mean that he believes that the government should move ahead as opportunity offers much as the previous government did. But, that he recommends some slight changes of procedures. Is that right?

Phya Manopakorn Nitithada: Yes, that is correct. That is the way I think we should proceed.

It was agreed that Luang Dej Sahakorn should give Luang Arthasarn Prasiddhi, *Phya Mano*'s recommendations as follows:

1. Expand the credit facilities of the co-operative societies to provide the peasant-farmers with additional working capital while, at the same time, helping them to decrease their indebtedness.

2. Expand the co-operative stores so that the peasant-farmers

can buy food and clothing at the lowest possible prices.

3. Build grain elevators in strategic places to store rice bought from the peasant-farmers for subsequent transhipment to Bangkok.

4. Build rice mills to prepare the rice produced by the co-operative societies for sale abroad.

5. Initiate a settlement scheme to locate peasant-farmers, who own no land, on the undeveloped areas belonging to the government.

The granaries, the business of transportation, and the rice mills, shall be organized as government-owned corporations.

Luang Pradist Manudharm: What is the will of the committee? One faction will not accept this policy; they are in favour of a programme of liberalism and opportunism such as we have had previously, with additions of course. The other faction approves the policy *in toto*. Phya Mano has culled certain sections from the policy which meet his approval, but he is not willing to advocate the adoption of any complete system. Thus the rice mills which he has proposed that the government establish might be operated either under a system of liberalism or socialism.

Phya Song Suradej: We came here today not to reach an agreement but to express our opinions.

The committee agreed to submit its minutes to the revolutionary party and to forward to the state council both a majority and a minority report:

1. **THE MINORITY OPINION** (Phya Manopakorn Nitithada, et al): we recommend that the government follow the economic programme of the previous government, incorporating into it certain specific changes whenever they can be effected; and that the government not promulgate any particular economic plan.

2. **THE MAJORITY OPINION** (Luang Pradist Manudharm, et al): we recommend that the government adopt a definite system of economic procedure; and that, in particular, it promulgate the national economic policy of Luang Pradist Manudharm; that when a system has been adopted, a national economic council be established to prepare estimates and a programme of procedure; and that consequent expansion be limited only by the financial position of the government.

It was further agreed that, since the committee could not reach a unanimous decision, Luang Pradist Manudharm should be permitted to



publish his economic policy over his own name in an attempt to win public approval for it, provided that the government agreed with the opinion of Phya Manopakorn Nitithada. He (Luang Pradist) was instructed to be careful not to confuse the people by creating the impression that the government was publishing the aforementioned economic policy; and he was also to make it clear that he was not speaking for the state council.

(signed) LUANG ARTHASARN PRASIDDHI
Secretary

E.

REPORT OF THE COMMISSION ON THE ALLEGED COMMUNISM OF LUANG PRADIST MANUDHARM

1. The Commission elected Momchao Varnvaidya Chairman and Phya Nala Rajsuvachana Secretary General.

2. According to the Resolution of the Assembly the terms of reference are whether Luang Pradist Manudharm, Member of the 2d Category and State Councillor, who was accused of being a communist at the time when Phya Mano, the then Premier, closed the Assembly, is really to be so stigmatized.

3. Inasmuch as the said accusation was a general political accusation and not a judicial indictment and the point at issue is whether Luang Pradist is a communist and not whether his Preliminary Draft of an Economic Scheme was communistic, the Commission resolved that the points to be considered are: what are the peculiar features of communism and what are Luang Pradist's political views in regard to those features? The decision could then be taken as to whether Luang Pradist is a communist or not.

4. The Commission requested the Two Experts, Sir Robert Holland and Monsieur R. Guyon, to draw up a joint memorandum defining the peculiar features of communism by taking into account the programmes of various Communist Parties such as those of the Communist International, the British Communist Party and the French Communist Party as well.

5. When such Programmes had been procured, the Two Experts drew up a joint Memorandum defining the peculiar features of commu-



nism, upon which they were in agreement, by adopting the following criterion: anything which appears solely and exclusively in the Communist Programmes, and is not in the Programmes of the other political parties, is an unquestionable element of Communism. Subsidiary and separate Notes were also submitted by the experts in regard to the points on which they failed to reach agreement.

6. The Commission gave Luang Pradist the opportunity to make observations on the Joint Memorandum. As a result of Luang Pradist's observations the Experts made certain modifications in the Memorandum.

7. When the peculiar features of communism had thus been agreed upon the Commission asked Luang Pradist to state his political views in regard to each feature.

8. Luang Pradist stated his views on each feature as follows:

9. Political

(1) To establish a Government by soviets (Councils of the workmen, peasants, and soldiers).

Luang Pradist: I entertain no idea of setting up a Government by soviets because I am in favour of a constitutional regime, as evidenced by the part I have played in setting up the Constitution of the Kingdom of Siam and also by the part I have taken in the promulgation of the Electoral Law, which is a proof of my faith in the constitutional and parliamentary form of government.

Sir Robert: Do you intend to bring about fundamental changes in the present Electoral Law?

Luang Pradist: I intend to maintain the fundamental principles of the law. I only contemplate such modifications as replacing election in two stages by direct election by the people and any such modifications will be made through constitutional channels. In any case, I entertain no idea of establishing a Government by soviets.

10. Financial

(1) To nationalize by confiscation private Banks and to transfer to the State all gold reserve, securities, deposits, etc., found therein.

Luang Pradist: I entertain no idea of nationalizing by confiscation private Banks or transferring to the State all gold reserve, securities, deposits, etc., found therein, because I am in favour of private ownership.

11. (2) To cancel and repudiate the debts to foreign and home

capitalists.

Luang Pradist: Much less do I entertain any idea of cancelling and repudiating the debts to foreign and home capitalists because I am desirous of firmly preserving the friendly relations with foreign countries. When I drew up the statement of Policy for the Mano Government I inserted a passage to that effect. In any case I have no wish to repudiate debts either at home or abroad.

12. Social

(1) To overthrow forcibly the whole of the existing traditional social order, as the only means of realizing communist aims.

Luang Pradist: The words: "The whole of the existing traditional social order," I take to refer to such matters as family law, etc.

Sir Robert: They refer to matters concerning the family, the form of government, class divisions and the whole fabric of society. The point is whether the changes contemplated are to be made constitutionally or whether they are to be brought about forcibly so as to make a clean sweep of the existing order, only in the latter case would it be ■ part of communism.

Luang Pradist: I entertain no idea whatever of starting as a clean sheet. In matters of government, I am in favour of a constitutional form of government as I have stated above. In matters pertaining to the family, when I was at the Department of Legislative Redaction, I took part in the drafting of the Civil Code relating to this matter and my views are in the direction of maintaining the Siamese traditions in this respect. In other matters too, I intend to preserve those customs which are suitable to the time, and any changes I may contemplate will be brought about in a constitutional way. I see no use of making a clean sweep of things. With regard to class warfare, I have endeavoured to point out to various people how improper it was, because it would only lead to bloodshed.

13. (2) Under the dictatorship of the proletariat, to wage perpetual war against the forces and traditions of the old society and against any upshoots of new bourgeoisie that may appear.

Luang Pradist: I utterly dislike dictatorship in any form, not only the dictatorship of the proletariat but also the dictatorship of any class whatsoever.

14. (3) To abolish inheritance.

Luang Pradist: I entertain no idea of abolishing inheritance. M.

Guyon is well aware that I was in favour of incorporating provisions regarding inheritance in the Civil Code when it was being drafted.

15. Economic

(1) To confiscate without indemnity all large private (capitalist) undertakings such as factories, works, mines, electric power stations, railways, transport, communications, large landed estates, machinery, etc.

Luang Pradist: I entertain no such ideas at all for the same reasons as already stated above in regard to financial matters. I repeat that I am in favour of private ownership.

16. (2) To transfer landed estates so confiscated to peasants.

(3) To forbid afterwards any sale and purchase of land so transferred.

(4) To confiscate big house property and remove workers and poor people to rich or bourgeois dwellings and residences.

(5) To relieve peasants who are poor of their burden of debt by the annulment of all mortgages.

Luang Pradist: The same with items (2), (3), (4), and (5), for they are all consequences of (1).

17. (6) To unite the local soviet republic to all other soviet republics in ■ world union in order to realize the economic unity of the toilers in ■ single world socialist economic system.

Luang Pradist: I entertain no such ideas at all. I do not at all contemplate to set up a government by soviets or to have Siam join the Soviet Union.

18. The points on which the experts fail to agree concern religion, the family, and labour, in regard to which they have submitted subsidiary and separate Notes.

19. The commission gave Luang Pradist the opportunity to state his views on these matters as well.

Luang Pradist: I have already stated my views on the family. As for religion, I think that religion is necessary, that everyone should be allowed to adopt the religion he likes. Everyone should have a religion: as long as he has a religion it is sufficient. I have no intention whatever of doing away with religion.

20. With regard to labour, Sir Robert thinks that the communist policy can be formulated as follows: to apply uncompromisingly to the idle bourgeois the principle "who does not work shall not eat" and

generally on the basis of a predetermined plan, to utilize all labour power as well as all material resources, in order that through the abolition of private ownership and competitive production, work may eventually become, not merely a means of livelihood, but a necessity of life.

Monsieur Guyon, however, considers that the fact that work will become a necessity of life, will be a consequence of the abolition of private ownership and private property. Compulsory labour of the kind that is contained in the communist programmes is also to be found in the programmes of other parties, such as the Nazi Party, while ■ plan is only a means and not an end.

The Commission gave Luang Pradist the opportunity to state his views on this matter also.

Luang Pradist: The situation in Siam is the reverse of that which obtains in Western countries. In Siam it is the bourgeois who works and the peasants who are unoccupied for the greater part of the time, which tends to make them idle and spend their unoccupied time in undesirable ways, such as indulging in intoxicating drinks, in dacoities, etc., which we should reform. There are also a great number of unemployed in Bangkok. These people should have an occupation to prevent them from criminal ways. They can choose the occupation they like, they will not be compelled to take this or that occupation but they should be required to have an occupation. This is for social safety, and the measures I contemplate are on the lines of the Social Work of the League of Nations. I am only aiming at providing occupation and work for the people. What I have in mind is to make the people keep their own poultry and grow their own vegetables as it has been done at Phuket, but any such measures will of course have to be taken in the form of ■ law, which will have to be passed by the Assembly in a constitutional way. What I am contemplating is to bring out ■ law requiring people to have an occupation and to develop professional training.

21. The Chairman put the following question to Luang Pradist: Does the assurance you gave to the late Government that you would not have recourse to any new system of compulsory purchase of land or compulsory labour as the means of economic development, still hold good for the present Government?

Luang Pradist: It still holds good for the present Government. The requirement that everyone should have a profession which I con-

template, will be on the lines of the Social Work of the League of Nations, with the object only of finding work for the people and ensuring that everyone should have a profession, without having any intention whatever of following the Communist or Nazi system.

22. *The Chairman*: Are the essential ideas which you have set forth before the Commission just the ideas which you now entertain or are they also the ideas which you have entertained heretofore?

Luang Pradist: They are the essential ideas I have entertained heretofore.

23. *The Chairman*: Are you a Member of the Communist International, or are you connected with it in any way?

Luang Pradist: No, I am not a Member of the Communist International, nor am I connected with it in any way.

24. The Chairman asked Sir Robert and Monsieur Guyon whether Luang Pradist had stated his views on every distinctive feature of communism, as defined in the Joint Memorandum.

Sir Robert and Monsieur Guyon replied in the affirmative.

25. The Chairman asked Phya Sri Sangkara and Phya Nalaraj whether they had any further questions to put to Luang Pradist. Phya Sri Sangkara and Phya Nalaraj replied that they were satisfied, they had no further questions to put.

26. The Chairman asked the Commission to vote on the following question: From the above investigation, are you of the opinion that Luang Pradist is clear of the stigma of communism that was imputed to him at the time of the Mano Government?

The Commission resolved unanimously that Luang Pradist is clear of any such stigma.

February, 1934

CHAIRMAN VARNVAIDYAKARA VARAVARN
PHYA SRI SANGKARA
PHYA NALA RAJSUVACHANA

Appendix

PRIDI BANOMYONG
(Luang Pradist Manudharm)
1900-1983

**A Great Thai Commoner:
For Peace, Democracy
and Social Justice**

CABINET RESOLUTION

Subject: The submission of Pridi Banomyong's name to the United Nations Educational, Scientific, and Cultural Organization (UNESCO) for its anniversaries of great personalities and historic events calendar.

The Cabinet officially sanctions the Ministry of Education's submission of Pridi Banomyong's name to UNESCO for its anniversaries of great personalities and historic events calendar. This official decision is also made pursuant to the centennial commemoration of Pridi Banomyong, the senior statesman, that is being held by the University of Moral and Political Science (Thammasat University). Pridi was the University's founder.

11 May 2000 will mark the centennial anniversary of Pridi. He had devoted the bulk of his life to the betterment of his country and society. Pridi had played a vital role in promoting and developing public awareness of issues of peace, democracy, and education. He was a moral conscience for the Thai people, and, more importantly, for humanity. Pridi stands tall as a sociopolitical icon. He had displayed, by any standards, considerable degree of honesty, loyalty, courage and sacrifice throughout his long career as Regent, Senior Statesman, Prime Minister, Minister of Interior, Minister of Foreign Affairs, Minister of Finance, and as the first Secretary General of Parliament. It is most appropriate that the Thai people look up to Pridi as a leading model.

Thai Cabinet meeting, 13 May 1997

Pridi Banomyong was one of the greatest Thais of this century. Great, that is, in strength of character, vision, achievement, and nobility of purposes. Like all great personalities in history, Pridi continues to live posthumously. Many of his ideas, because they are embedded in universal values, are still very relevant today, inspiring many in the younger generation. The Thais often find themselves returning to or rediscovering Pridi's ideas and vision of a better society, especially when they had initially rejected them.

THE UPBRINGING

Pridi Banomyong was born on 11 May 1900 in a boathouse off the southern bank of Muang Canal in Ayudhya, the former capital of Thailand. He was the eldest son of a relatively well to do farming family. At the age of 14, he completed his secondary education. Too young to enroll in any institution for higher education, Pridi stayed with his family for an extra two years, helping them in rice farming before darting off to law school in 1917. Two years later, he became a barrister-at-law and was simultaneously awarded a scholarship by the Ministry of Justice to study law in France. In 1924, he obtained his "*Bachelier en Droit*", "*Licencié en Droit*" from *Université de Caen* and in 1926 a "*Doctorat d'Etat*" and "*Diplôme d'Etudes Supérieures d'Economie Politique*" from *Université de Paris*. Pridi was the first Thai to earn this appellation. In November 1928, a year after returning to Siam, Pridi married Miss Phoonsuk na Pombejra. They had six children.

THE BEGINNING OF A POLITICAL LIFE

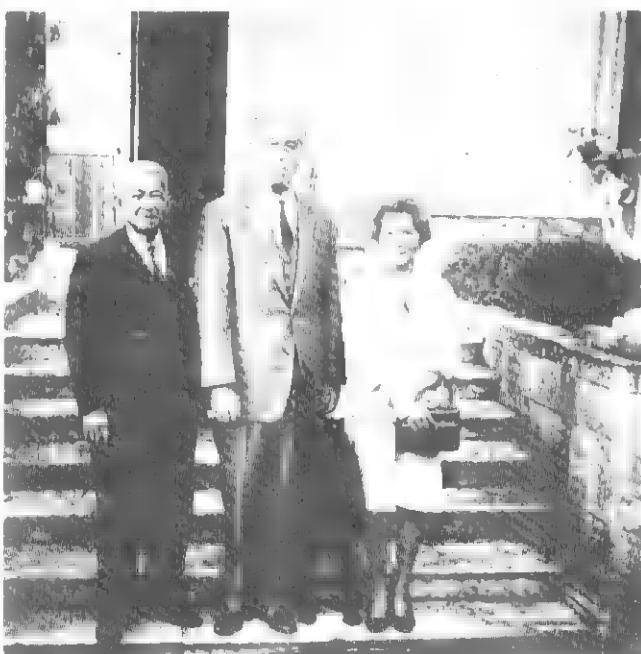
In February 1927, while still in Paris, Pridi and six other Thai students and civil servants, later to become the core of the People's Party, held a historic meeting. They vowed to transform the Thai system of governance from absolute monarchy to a constitutional one. The group elected Pridi as their provisional leader. As their guiding stars, the People's Party laid down the so-called "Six Principles" to put Thailand on the road to spiritual and material progress:



(4)



**Signing Ceremony with Minister Edwin Neville of U.S.A.
10 October 1937**



**Visiting Broadlands, England
September 1970
as invited guests of Lord Louis Mountbattan**

1. "To maintain absolute national independence in all aspects, including political, judicial, and economic;
2. To maintain national cohesion and security;
3. To promote economic well being by creating full employment and by launching a national economic plan;
4. To guarantee equality to all;
5. To grant complete liberty and freedom to the people, provided that this does not contradict the aforementioned principles; and
6. To provide education to the people."

Later in 1927, Pridi returned to Thailand and joined the Ministry of Justice where he served as judge and subsequently as assistant secretary to the Juridical Department. Meanwhile he found time to run a printing house where he published many law documents and books. He also became a lecturer at the Ministry's law school. However the hope for progressive sociopolitical and economic changes in Thailand never faded from Pridi's mind. The 1932 Revolution opened the avenue for Pridi to realize his vision of a better, more just society.

At dawn on 24 June 1932, the People's Party, consisting of government officials, military officers, and ordinary civilians rapidly and bloodlessly took control of the government, changing it from absolute to democratic, constitutional monarchy and installing the 1932 provisional constitution as the supreme law of the land. Pridi, the civilian leader of the People's Party, was the progenitor of this provisional constitution.

The 1932 provisional constitution served as a solid and fertile foundation for the growth and development of democracy in Thailand. It introduced two fundamental, hitherto unknown ingredients to Thai society and political culture: 1) the supreme power rests with all Siamese people; and 2) there must be a clear separation of legislative, executive, and judicial powers. Together, these two unprecedented principles brought about a complete transformation in the nation's power structure, planting the seeds of democracy in Thailand.



FOR PEACE, DEMOCRACY AND SOCIAL JUSTICE

Between 1933 and 1947 Pridi held many major political positions, including Minister of Interior, Minister of Foreign Affairs, Minister of Finance, Regent and Prime Minister. King Rama VIII officially appointed him "Senior Statesman" for life. Throughout these years as government official and leader, Pridi assiduously worked to realize the "Six Principles." Among his notable accomplishments, some of them having long-term impacts, are: the drafting of the nation's first economic plan; the founding of the University of Moral and Political Science (Thammasat University); the 1933 Municipality Act which allowed the people to elect their own local governments; the revocation of unequal treaties that Thailand had been forced to sign with foreign powers; the reformation of the unfair tax system; the compilation of the country's first revenue code; and the founding of what ultimately became the Bank of Thailand.

During the Second World War, once the Japanese had invaded and occupied Thailand, even as Regent, Pridi clandestinely led the Free Thai Movement to resist such action. In recognition of the brave cooperation and assistance rendered by this movement, the United States government subsequently recognized Thailand as an independent country that had been under Japanese military occupation as opposed to a belligerent state subject to postwar Allied control.

On 16 August 1945, at the advice of Lord Louis Mountbatten (the Allied South East Asia Commander), as Regent and Leader of the Free Thai Movement, Pridi declared null and void the Pibulsonggram Government's declaration of war on the Allied as it was against the will of the Thai people. Through the good work of the Free Thai Movement, Thailand had thus worked its passage to peace and pre-war status. Fifty years later, in 1995, the Thai cabinet gave belated recognition and declared 16 August the "Thai Peace Day".

Throughout these turbulent years, Pridi never lost sight of what 'democracy as a way of life' meant. He never tired of nurturing and protecting the infantile Thai democracy gurgling in its cradle. Unlike most of his genteel contemporaries, Pridi never related to the masses with distrust and trepidation. On the contrary, he had great faith in them. In the essay (1973) "Which Direction Should Thailand Take in the

Future,” Pridi vividly and passionately reiterated his conception of participatory democracy, one that guided him all his life. He wrote, “Any system favoring a small section of a community will not last. In any community the majority must shape its future. [Here the majority includes] the deprived people, poor farmers, low-budget entrepreneurs, and patriotic capitalists who place the public interest above their own... and who want a new social system which provides a better living standard to the majority of people... social injustice [must be] abolished or reduced.”

Pridi realized that a society is more democratic to the extent that fewer people are denied human rights and opportunities. He knew that political freedom without socioeconomic opportunities is a devil’s gift. He tried to reduce and eventually to remove hierarchies of reward, status, and power in order to improve society. He wanted to foster solidarity and compassion among his compatriots, enabling them to develop themselves, come to care about, promote, and benefit from one another’s well being as opposed to embarking on a cutthroat competition—a complete waste of energy. Pridi envisioned a society where all citizens helped contribute to the enrichment of the lives of all.

As Pridi neatly put it, “A society exists because of the participation of its members, and a social system which enables most people to legally influence decisions and move society forward is a democracy.” He added that since every society has political, economic, social, and cultural dimensions, it is essential for a democratic society to not only promote political democracy but also “economic democracy” (e.g., fewer people are being denied economic opportunities) and democratic thinking (e.g., compassion).

For instance, to promote economic well being, Pridi advocated the creation of local cooperatives to undertake economic activities for the benefits of their members. The people should have direct control over their livelihood rather being dependent on the ruling circles’ charity or philanthropy, he believed. Not infrequently, magnificent philanthropy masks brutal economic exploitation and charity becomes a pretext for maintaining laws and social practices which ought to be changed in the interest of justice and fair play, Pridi implied.

Pridi and his colleagues deemed it necessary for the people to fully understand the system of democratic governance and to be aware of

their new rights and, hence, responsibilities under the newly-found system. As a result, in 1934 Pridi, then Minister of Interior, founded the University of Moral and Political Science. He was also appointed its first rector. The University was designed as an open institution offering numerous courses, including law, economics, human and social sciences. Reflecting his ideals, Pridi, in the speech made at the University's opening, declared "...A university is, figuratively, an oasis that quenches the thirst of those who are in pursuit of knowledge. The opportunity to acquire higher education rightly belongs to every citizen under the principle of freedom of education... Now that our country is governed by a democratic constitution, it is particularly essential to establish a university which will allow the people, and hence the public, to develop to their utmost capability. It will open up an opportunity for ordinary citizens to conveniently and freely acquire higher education for their own benefits and for the development of our country..." Indeed Thammasat University has been a leading institution in helping to promote and protect democracy in Thailand.

Pridi also firmly advocated international peace. As a minister in Field Marshal Pibulsonggram's government, Pridi consistently expressed his disagreement with the government's irredentism: the plan and aggression Thailand embarked on to reclaim former territories in Indochina from France while Paris was lying prostrate under German occupation during the Second World War. Another evidence worth citing is his effort to tell the international community the uselessness of international violence through the English-dubbed film he produced, *The King of the White Elephant*.

Not surprisingly, Pridi supported self-determination and independence for all colonial peoples. This was particularly apparent when he served as prime minister. Such a foreign policy was merely the international counterpart of his domestic, democratic reforms. After all, they attempted to empower the people, granting them with the essential freedoms and rights necessary to manage their own destiny. He even contemplated creating a South East Asian League (SEAL) among neighbouring nations.

Again, Pridi was the architect of the 1946 constitution, one of the most democratic in Thai history. The adoption of this constitution reflected the culmination of Pridi's relentless efforts to strive for social

justice and establish a meaningful, as opposed to nominal, democracy in Thailand. The constitution guaranteed universal suffrage to both men and women and enabled the people to elect members of parliament in both the upper and lower houses. Human rights were well recognized and upheld in this constitution.

IN EXILE

On 9 June 1946, the young King Ananda Mahidol or Rama VIII was found mysteriously dead in his chamber with a bullet in his forehead. After visiting the palace and the scene and having consulted with leading members of the Royal Family, as prime minister, Pridi publicly declared this an "accident." Intending to undermine his popularity and power, Pridi's political opponent opportunistically trumpeted that the late King was murdered and that Pridi was involved in the regicide.

On the night of 8 November 1947, a group of military leaders and civilians staged a coup d'etat, using the regicide as one of the pretexts to destroy Pridi. (Numerous court decisions had since proven Pridi innocent.) Their tanks stormed Pridi's residence in Bangkok, forcing him to flee to Singapore. On 26 February 1949, Pridi, aided by a number of naval officers and Thais who favored a democratic government, unsuccessfully staged a counter-coup. Once again, he was banished from Thailand-this time never to return. Between 1949 and 1970, Pridi resided in China. He then lived an ordinary life joined by his wife and daughters in the suburb of Paris. There he died peacefully on 2 May 1983.

While in exile, he wrote profusely and gave numerous speeches, continuing to share with later generations his conceptions of democracy, peace and social justice. The seeds of democracy that Pridi planted in Thailand more than six decades ago are beginning to sprout. Whether or not his tree of liberty will continue to grow and branch out, to some extent, depends on how the Thais apply and learn from his vision.

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Series to commemorate the centennial anniversary of the birth
of Pridi Banomyong, Senior Statesman

**NATIONAL ECONOMIC POLICY
OF LUANG PRADIST MANUDHARM**

PRIDI BANOMYONG

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National Economic Policy of Luang Pradist Manudharm

(Pridi Banomyong)

**My one paramount aim and purpose
in furthering the revolution was to promote
the welfare of our people.**

**Essentially my concern
was not to replace a single monarch
with a multiplicity of monarchs,
which constitutes the external semblance
of a democracy.**

**I was resolved above all else
to do just this one thing:
" to advance the welfare of our people."
And I hold that the Constitution comprises
the key which is to unlock
the door of opportunity to them
so that they may have a share in determining
the course of government along the lines
of their felt needs.**

To celebrate the centennial anniversary
of Pridi Banomyong
(11 May 1900 - 11 May 2000)

NATIONAL ECONOMIC
POLICY OF LUANG
PRADIST MANUDHARM

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